

**EXHIBIT HH TO
CISNEROS DECLARATION
REDACTED VERSION**

1 IN THE UNITED STATES DISTRICT COURT

2 NORTHERN DISTRICT OF CALIFORNIA

3 SAN JOSE DIVISION

4 IN RE: HIGH-TECH EMPLOYEE ANTITRUST
LITIGATION

5 THIS DOCUMENT RELATES TO: NO: Master Docket No.
6 11-CV-2509-LHK

7 ALL ACTIONS.

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9
10 CONFIDENTIAL - ATTORNEYS' EYES ONLY

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12
13 VIDEOTAPED DEPOSITION OF DANIEL ROBERT MCKELL
March 20, 2013
14 10:06 a.m.
Hyatt Regency Hotel
15 330 Tijeras, Northwest
Albuquerque, New Mexico
16

17 PURSUANT TO THE FEDERAL RULES OF CIVIL
18 PROCEDURE, this deposition was:

19 TAKEN BY: MR. SARAH R. SCHALMAN-BERGEN
Attorney for Plaintiffs

20 REPORTED BY: Mary Abernathy Seal, RDR, CRR, NM CCR 69
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Professional Court Reporting Service
22 201 Third Street, Northwest, Suite 1630
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23

24 (6941K) MAS
25

10:30 1 A. I have been in conference rooms where he's
2 been in attendance. I don't know him, he doesn't
3 know me, I would say, so...

4 Q. Do you know who Randall Goodwin is?

10:31 5 A. No.

6 Q. Do you know who Deborah Conrad is?

7 A. Yes.

8 Q. Who is Ms. Conrad?

9 A. She's a senior leader at Intel.

10:31 10 Q. Do you ever have occasion to speak with
11 Ms. Conrad?

12 A. I don't believe I have ever met her.

13 Q. You also have not read her deposition
14 transcript; is that fair?

10:31 15 A. No -- yeah, I haven't read it.

16 Q. Do you know who Patricia Murray is?

17 A. Yes.

18 Q. Who is she?

19 A. She's a senior leader at Intel.

10:31 20 Q. Did you ever have occasion to speak with
21 Ms. Murray?

22 A. Yes.

23 Q. What occasions are those?

24 A. It's been a long time. She used to be the
10:31 25 head of human resources, so I would have more

10:31 1 opportunity to meet with her on work-related
2 products, things that I was working on, but that's
3 been several years.

4 Q. During the period of time when she was the
10:32 5 head of human resources, what types of work-related
6 products would you -- would cause you to interact
7 with her?

8 MR. SHAH: Object to form.

9 A. Focal budgets, strategy discussions about
10:32 10 programs, compensation programs that we run, changes
11 to compensation programs.

12 Q. Have you read any reports that have been
13 submitted by experts retained by either party or any
14 of the parties in this case?

10:32 15 MR. SHAH: Object to form.

16 A. No.

17 Q. Do you know who Dr. Kevin Murphy is?

18 A. No.

19 Q. Have you ever spoken with Mr. Murphy?

10:32 20 A. No, not that I recall.

21 Q. Did you ever speak with an expert that was
22 retained by the defendants in this case?

23 A. Not that I recall.

24 Q. You don't recall whether you spoke with

10:33 25 Mr. Murphy on June 19, 2012?

10:33 1 A. I had several phone conversations with
2 Intel lawyers. I don't recall who was on those
3 sessions, didn't pay attention, I guess; I was
4 answering questions. I wasn't worried about who was
10:33 5 asking me questions.

6 Q. Were you aware that the individual asking
7 questions was not an attorney of Intel's?

8 A. I don't recall. The name isn't familiar
9 to me at all, so...

10:34 10 Q. Does the name Dr. Edward Leamer mean
11 anything to you?

12 A. No.

13 Q. You submitted a declaration in this case;
14 is that fair?

10:34 15 A. Yes.

16 Q. Are you aware that other individuals
17 working at the other defendants have also submitted
18 declarations?

19 A. Could you repeat the question again?

10:34 20 Q. Sure. Are you aware that other
21 individuals working for different defendants also
22 submitted declarations similar to yours?

23 MR. SHAH: Object to form.

24 A. I would assume they would be taking --
10:35 25 having the same conversations in other companies.

10:35 1 Q. Do you know who Donna Morris is?

2 A. Donna --

3 Q. Morris.

4 A. Morris? Can you spell the last name?

10:35 5 Q. M-O-R-R-I-S.

6 A. No. No. Sorry.

7 Q. Have you reviewed any declarations that

8 anyone else besides yourself submitted in this case?

9 A. No.

10:35 10 Q. Do you know who Steve Burmeister is?

11 A. No.

12 Q. Do you know who Frank Wagner is?

13 A. Yes.

14 Q. Who is Frank Wagner?

10:35 15 A. I believe he's the head of compensation at

16 Google.

17 Q. How do you know Mr. Wagner?

18 A. I have exchanged e-mails with Frank.

19 Q. What's the nature of the e-mails that

10:36 20 you're exchanging?

21 MR. SHAH: Object to form.

22 A. Market intelligence.

23 Q. What do you mean by market intelligence?

24 A. Questions about company practices. We

10:36 25 engage in market intelligence. Like, I mean, Intel

10:47 1 compensation stuff.

2 Q. Do your responsibilities differ in any
3 way?

4 A. Yeah. We don't -- she -- her -- we had
10:47 5 the change where I became a manager, and she moved
6 from being a manager to being an individual
7 contributor, just a rotation. So some of the things
8 I do now, she used to do. Some of the things I used
9 to do, she now does. So...

10:47 10 Q. What do you mean by "individual
11 contributor"?

12 A. An employee that doesn't have any direct
13 reports.

14 Q. Do you know who Shilo Kuz is?

10:48 15 A. Yes.

16 Q. Who is that?

17 A. She's a worker at Intel.

18 Q. What's her job title?

19 A. I don't know her job title.

10:48 20 Q. Have you ever had any reason to interact
21 with Ms. Kuz?

22 A. Yeah. Shilo -- she's in our -- on more
23 the technical side, focal program office. That's
24 technically her organization. So I have worked with
10:48 25 her to get material posted on websites for our

10:48 1 managers to help them with their guidelines, pay
2 decisions, those types of things.

3 Q. Are you acquainted with any employees who
4 work in the compensation offices of any of the other
10:49 5 defendants in this case?

6 MR. SHAH: Object to form.

7 A. Can you repeat the list of defendants?

8 Q. Sure. So same question, but with respect
9 to Apple.

10:49 10 MR. SHAH: Object to form.

11 A. I used to have a contact with somebody at
12 Apple, but it's been five years or so.

13 Q. Who was that person?

14 A. I can't remember the name, off the top of
10:49 15 my head.

16 Q. Was it a man or a woman?

17 A. A woman, I think.

18 Q. How did you become acquainted with that
19 person?

10:49 20 A. We were doing some market intelligence on
21 bonus programs, in particular.

22 Q. Were you seeking market intelligence or
23 was the person from Apple seeking market
24 intelligence?

10:49 25 A. I was seeking.

10:49 1 Q. What types of market intelligence were you
2 seeking?

3 MR. SHAH: Object to form.

4 A. Company approaches on base, bonus, stock,
10:50 5 just high-level stuff, not employer job code. Sort
6 of company strategy.

7 Q. Did the individual at Apple provide you
8 with the information you were seeking?

9 A. Yes.

10:50 10 Q. Do you know any employees who work in
11 compensation at Pixar?

12 A. No.

13 Q. Do you know any employees who work in
14 compensation at Lucasfilm?

10:50 15 A. No.

16 Q. Do you know any employees who work in
17 compensation at Intuit?

18 A. No.

19 Q. Do you know any employees who work in
10:50 20 compensation at Google besides Mr. Wagner?

21 A. No. Oh. Yeah, there's one guy from Intel
22 who left. I don't know if he's still at Google, but
23 he left Intel to work at Google.

24 Q. What's the name of that person?

10:51 25 A. Now my mind goes blank. Let me think.

10:51 1 Drawing a blank.

2 Q. If you think of it, or the person at Apple
3 throughout today, you can feel free to let me know.
4 Okay?

10:51 5 A. Okay.

6 Q. Do you know anyone, any employees, at eBay
7 who work in compensation?

8 A. I don't think so.

9 Q. Do you know any employees at Dell who work
10:52 10 in compensation?

11 A. I don't think so.

12 Q. Do you know any employees at Adobe who
13 work in compensation?

14 A. I don't think so.

10:52 15 Q. Did you have any involvement in the
16 Department of Justice's investigation of Intel?

17 MR. SHAH: Object to form.

18 A. Not that I know of.

19 Q. Did you ever speak with anyone in the
10:52 20 Department of Justice?

21 A. No, unless they were on the phone call
22 with -- when I was meeting with Intel attorneys.

23 Q. Did you provide any information to anyone
24 at Intel with respect to the Department of Justice
10:53 25 investigation?

11:03 1 the HR business partner, were you the person that
2 was at the other end of the open door?

3 A. I -- yes.

4 Q. What is Intel University?

11:04 5 A. It's our internal learning group, so that
6 it conducts classes for managers and employees on
7 anything from cultural things to technical training.

8 Q. Does the learning group conduct classes
9 for managers with respect to compensation?

11:04 10 A. Yes.

11 Q. Did you have any job responsibilities as
12 the HR -- as an HR business partner with respect to
13 Intel University dealing with compensation?

14 MR. SHAH: Object to form.

11:04 15 A. As an HR business partner, I supported
16 them -- I wouldn't have done work relative to
17 manager training in that role.

18 Q. When you were an HR business partner, who
19 did you report to?

11:05 20 A. I had several managers.

21 Q. What were their names?

22 A. Cecilia Lodico, Mike Fors. There's one
23 more, but I'm forgetting.

24 Q. Hopefully you'll be able to spell those

11:05 25 for the court reporter. We can do it off the

11:05 1 record.

2 A. Lodico, last name is L-O-D-I-C-O. Fors is

3 F-O-R-S. Fors.

4 Q. When you were an HR business partner, did

11:05 5 you have any direct reports?

6 A. No.

7 Q. As an HR business partner, did you get

8 reviewed as part of the focal process?

9 A. Did I -- did my manager do a performance

11:06 10 review on me?

11 Q. Yes.

12 A. Yes.

13 Q. Are you familiar with the different types

14 of grades that Intel assigns to employees?

11:06 15 A. Yes.

16 Q. What -- and when I say grades, I'm

17 speaking of EE, O.

18 A. Rating?

19 Q. Rating.

11:06 20 A. Okay.

21 Q. What rating did you receive as the HR

22 business partner?

23 A. One time I was successful faster,

24 successful equal. I don't remember all of my

11:07 25 performance rating history.

11:07 1 Q. Can you list all of the different ratings
2 that Intel uses?

3 MR. SHAH: Object to form.

4 A. Currently the ratings are outstanding,
11:07 5 exceeds expectations, successful, below
6 expectations, and improvement required. Those are
7 the five current ratings. Those haven't always been
8 the ratings.

9 Q. How have the ratings changed since you
11:07 10 have joined Intel?

11 A. When I joined, they had three ratings:
12 Outstanding, successful, and improvement required.
13 And then they had three trends, so you would get a
14 rating message and a trend message. The three trend
11:07 15 labels were faster, equal, slower.

16 Q. What distinctions were meant by faster,
17 equal, slower?

18 A. Your growth curve relative to peers doing
19 the same job. So were you growing and improving at
11:08 20 a faster rate, at the same rate, or at a slower rate
21 than your peers.

22 Q. So within the O, S, and E --

23 A. IR.

24 Q. EIR?

11:08 25 A. Outstanding, successful, improvement

11:08 1 required. Sorry.

2 Q. Within O, S, and IR, you could also then
3 have a secondary rating of F, E, or S?

4 A. Yes.

11:08 5 MR. SHAH: Object to form.

6 Q. Would everyone receive an F, E, or S in
7 association with their O, S, and R -- and/or R
8 rating, IR ratings?

9 MR. SHAH: Object to form.

11:09 10 A. Yes.

11 Q. When did Intel change from the three
12 ratings with three trends to the five current
13 ratings?

14 A. I don't recall the specific year.

11:09 15 2004-ish, somewhere around there.

16 Q. Did you have any involvement with respect
17 to making that change?

18 A. In terms of making a recommendation, I
19 don't think so. I may have been asked for my input.

11:09 20 Q. You were the HR business partner from
21 approximately August 1999 to March 2003; is that
22 fair?

23 MR. SHAH: Object to form.

24 A. Yeah, that sounds about right.

11:10 25 Q. Did your job duties change at all

11:10 1 throughout that time period?

2 A. From 1999 to 2003?

3 Q. Yes.

4 A. Not in material or significant ways. That

11:10 5 role was largely the same. And what I might be

6 doing in any particular month might be different,

7 but...

8 Q. Are you aware that Intel has job grades?

9 A. Yes.

11:11 10 Q. Is job grade the same as a grade level?

11 A. Yes.

12 Q. What are the job grade ranges that Intel

13 currently has?

14 MR. SHAH: Object to form.

11:11 15 A. Currently the job grades range from grade

16 2 up to 798.

17 Q. Are there 796 different job grades?

18 A. No.

19 Q. How many job grades are there?

11:11 20 A. I don't know the specific number.

21 Q. Can you give me an estimate?

22 A. Less than -- 100, say.

23 Q. Has the number of job grades changed since

24 you joined Intel?

11:12 25 A. Yes.

11:12 1 Q. Can you describe the changes?

2 A. We acquired a company that added in the
3 more than 100 job code or job grade levels, so most
4 of Intel grades have stayed about the same.

11:12 5 Q. What company did Intel acquire?

6 A. Infineon. I-N-F-I-N-E-O-N.

7 Q. When was that acquisition?

8 A. 2009, 2010. It's been a few years.

9 Q. Has there been any other changes to the
11:12 10 job grade structure during the time you have been at
11 Intel?

12 A. Yes.

13 Q. What are they?

14 A. We have added some grades for investment,
11:13 15 people who work in investment, Intel capital
16 organization. We've added some grades related to
17 internal sales and paralegals. So just those are
18 the main ones that I remember.

19 Q. When you were the HR business partner,
11:13 20 what was your grade?

21 A. I was a grade -- I was hired as a grade 5.
22 I was promoted to a grade 6, and I was promoted to a
23 grade 7.

24 Q. When were you promoted to grade 6?

11:14 25 A. May 2000.

11:14 1 Q. When were you promoted to grade [REDACTED]?

2 A. April 2001.

3 Q. With the promotions to different grades,
4 did you receive increased total compensation?

11:14 5 A. [REDACTED]

6 MR. SHAH: Object to form.

7 Q. Is "total compensation" a phrase that is
8 used at Intel?

9 A. Yes.

11:14 10 Q. What does it mean?

11 A. The combination of your base pay, bonuses,
12 stock, benefits, retirement, all of that added
13 together.

14 Q. When you were hired into grade [REDACTED], in what
11:15 15 quartile of grade [REDACTED] were you paid?

16 MR. SHAH: Object to form.

17 A. [REDACTED], if I
18 remember right.

19 Q. When you were hired, were you aware of the
11:15 20 minimum and maximum in grade [REDACTED]?

21 MR. SHAH: Object to form.

22 A. I don't recall if it was on the offer
23 letter or not.

24 Q. How did you know you were paid [REDACTED]
11:15 25 [REDACTED]?

11:16 1 grade ■?

2 MR. SHAH: Object to form.

3 A. No. I think I was promoted before I had
4 the chance to get a raise at grade ■.

11:16 5 Q. When you were promoted to grade ■, did
6 your job title change?

7 A. I don't think so.

8 Q. Did your job responsibilities change?

9 A. I was given more to do. My scope of my
11:17 10 job increased. But it was along the same lines of
11 work.

12 Q. How did the scope of your job increase
13 when you were promoted to grade ■?

14 A. More organizations to support were added
11:17 15 to my job. I was put in charge of small projects to
16 lead, things like that.

17 Q. Which additional organizations to support
18 were added to your job when you were promoted to
19 grade ■?

11:18 20 A. I don't remember which specific ones at
21 that time.

22 Q. Do you recall which small projects you
23 were put in charge of at that time?

24 A. Leading voluntary separation programs for
11:18 25 US HR employees.

11:18 1 Q. When you say "voluntary separation
2 programs," what do you mean?

3 A. Programs where employees could volunteer
4 to leave and receive a severance package, versus
11:18 5 nonvoluntary.

6 Q. After approximately one more year, you
7 were promoted to grade ■; is that accurate?

8 A. Yes.

9 Q. Within grade ■, which quartile were you
11:19 10 paid within the range?

11 MR. SHAH: Object to form.

12 A. I don't remember. ■. I
13 don't know. ■.

14 Q. Why do you assume ■?

11:19 15 A. From each grade, there's what we call a
16 progression, midpoint-to-midpoint progression. And
17 usually that would be more than what you would see
18 in a typical promotion.

19 Q. Describe what you mean by midpoint-to-
11:19 20 midpoint progression.

21 A. Each grade has a midpoint salary range.
22 So a midpoint progression, you take the midpoint of
23 the higher grade and divide it by the midpoint of
24 the lower grade, subtract 1, and that gives you your
11:19 25 percent progression, midpoint to midpoint.

11:19 1 Q. And in a typical promotion, [REDACTED]

2 [REDACTED]

3 MR. SHAH: Object to form.

4 A. [REDACTED]

11:20 5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 Q. Does Intel have guidelines about practices
9 for starting people lower in the range?

11:20 10 MR. SHAH: Object to form.

11 A. We expect employee pay to be across the
12 entire range. [REDACTED]

13 [REDACTED] [REDACTED]

14 [REDACTED]

11:21 15 [REDACTED]

16 Q. After one year, you were promoted to grade
17 [REDACTED]; is that accurate?

18 A. From the [REDACTED], yes.

19 Q. Did your job responsibilities change when
11:21 20 you were promoted to grade [REDACTED]?

21 A. I picked up additional organizations to
22 support.

23 Q. Do you recall which organizations?

24 A. I believe that was comp and benefits, and
11:21 25 I don't remember if Intel University was in 2000 or

11:21 1 2001.

2 Q. While you were in grade ■, did you receive
3 reviews as part of the focal process?

4 A. I received a -- so our review cycles are
11:22 5 April to April, or April to March, so I -- I don't
6 know if you would consider getting a review -- I was
7 one year as a ■ and then they moved me to a ■.

8 Q. During that review cycle, what was your
9 rating?

11:22 10 A. I don't recall. ■■■■■■■■■■, I
11 think, but that was 12 years ago.

12 Q. Do you recall who gave you that rating?

13 A. Cecilia was still my manager at the time.

14 Q. Were you aware, when you were in grade ■,
11:22 15 of what the minimum and maximum of the range in
16 grade 6 were?

17 A. Yes.

18 Q. How did you become aware of that?

19 A. It was printed on the focal pay letter.

11:22 20 Q. When you were in grade ■, did you know
21 what the ranges in any other grades were?

22 A. I think so. As somebody supporting HR
23 groups, I had access to more information than most
24 employees, probably.

11:23 25 Q. During that time period, what information

11:23 1 did most employees who were not working in HR have
2 with respect to the grades?

3 MR. SHAH: Object to form.

4 A. Employees can call the HR service center
11:23 5 and ask about the pay range for their current grade
6 or the grade one above them. So any employee can
7 get their grade information or one above, if they
8 want it.

9 Q. You're speaking in the present tense, so I
11:23 10 just want to make sure that we're clear. Has that
11 policy you just discussed been true throughout the
12 entire time you have been at Intel?

13 A. Yes.

14 Q. Has that policy changed at all since you
11:23 15 have been at Intel?

16 A. No --

17 MR. SHAH: Object to form.

18 A. -- not that I'm aware.

19 Q. You mentioned that your range was on your
11:24 20 pay letter; is that fair?

21 A. At the time when I received the promotion,
22 yes.

23 Q. Were the pay ranges printed on pay letters
24 for all employees at that time period?

11:24 25 A. In the US, yes. I'm not sure outside.

11:24 1 Q. Has that policy changed since you have
2 been at Intel?

3 A. Yes.

4 Q. When did that change?

11:24 5 A. I don't recall. Several years ago.

6 Q. How did the policy change?

7 A. The pay letters started to describe more
8 of the total compensation that employees would
9 receive. In the past the pay letters would just
11:25 10 talk about the change in base salary or the change
11 in -- and the change in the bonus target. As a part
12 of a change to improve perceived value of employees,
13 we added the total expected bonuses that they would
14 receive off of that target, and to try and monetize
11:25 15 the stock grants, so that employees could see the
16 full value of their base, bonus, and stock.

17 Q. Were you involved in that, the change that
18 you just discussed?

19 A. Not as a recommender. I may have had
11:25 20 input into it.

21 Q. When the pay letter -- when the
22 information on the pay letters changed, did the pay
23 letters still reflect the minimum and maximum of the
24 pay range?

11:26 25 A. At some point the range information was

11:26 1 removed. I don't remember when.

2 Q. Why was the range information removed?

3 A. Intel's salary ranges are very wide. We

4 have one range for all jobs in grades, so just

11:26 5 because somebody is below the midpoint or above the
6 midpoint isn't necessarily a good or a bad thing.

7 So it doesn't add a lot of meaning for employees

8 about how well they're paid relative to their

9 specific job.

11:26 10 Q. I don't want to put words in your mouth.

11 Is it your testimony that Intel removed the pay

12 ranges from the pay letters because the pay ranges

13 lacked meaning for employees?

14 MR. SHAH: Object to form.

11:27 15 A. I wasn't directly involved in the
16 decision, so I don't know what all the reasons were
17 for why it was removed. From a compensation
18 perspective, because the ranges cover all jobs,
19 they're not necessarily relevant to a single job.

11:27 20 So people can misinterpret their pay position
21 relative to a range that covers all jobs.

22 Q. Is it your understanding that Intel

23 removed the ranges from the pay letters to avoid

24 employees misinterpreting their paid position

11:27 25 relative to the range that covers all jobs?

11:27 1 MR. SHAH: Object to form.

2 A. I can't speculate on -- or I can't tell
3 you what they -- whoever recommended the decision or
4 what the main criteria was in the decision. From my
11:28 5 perspective, I think that might have been part of
6 it. I think it was: What information do we think
7 is most valuable to the employees, and pay range
8 wasn't most valuable. I don't know.

9 Q. I just want to make sure I'm clear on the
11:28 10 basis for this knowledge. Do you have any personal
11 knowledge as to why Intel removed the pay range from
12 the pay -- from the pay documents?

13 A. No.

14 Q. And so the information you have provided
11:29 15 me is based on your understanding as someone who has
16 worked in compensation?

17 A. Yes.

18 Q. Do you know who made the decision to
19 remove the pay ranges from the pay documents?

11:29 20 A. I don't.

21 MS. SCHALMAN-BERGEN: I'm conscious that
22 we have been going for a while, so why don't we take
23 a five-minute break?

24 MR. SHAH: Okay.

11:29 25 (Recess from 11:29 a.m. to 11:37 a.m.)

11:37 1 Q. (By Ms. Schalman-Bergen) Mr. McKell, is
2 there any reason why you can't continue to give me
3 your best testimony?

4 A. No.

11:37 5 Q. When you started as HR business partner,
6 were there other individuals who held the same job
7 title?

8 A. Yes.

9 Q. Who were they?

11:37 10 A. Hundreds of people.

11 Q. Were you aware of how those individuals
12 were paid?

13 MR. SHAH: Object to form.

14 A. As the business partner over HR, I
11:38 15 actually was, which isn't common.

16 Q. And were the other HR business partners --
17 strike that. In what grades were the other HR
18 business partners paid during that time period?

19 MR. SHAH: Object to form.

11:38 20 A. Grade levels -- most jobs span multiple
21 grade levels, so it could have been grade 3 all the
22 way to grade 9, for instance, or higher.

23 Q. Would each grade level come with different
24 responsibilities?

11:39 25 A. Yes.

11:39 1 Q. Approximately how many HR business
2 partners were paid in grade ■ during the time period
3 when you were paid in grade ■?

4 MR. SHAH: Object to form.

11:39 5 A. I really don't know. Less than 100. I
6 don't know.

7 Q. What was the distribution of pay among HR
8 business partners within grade ■ during that time
9 period?

11:39 10 MR. SHAH: Object to form.

11 A. The range would have -- I don't know the
12 specific range. In terms of the practice, it would
13 have been throughout the range of a grade ■ pay
14 range. Some low, some middle, some high.

11:39 15 Q. In your time working at Intel, have you
16 ever done studies of the distribution of pay within
17 ranges?

18 MR. SHAH: Object to form.

19 A. Yes.

11:40 20 Q. Have you personally conducted those
21 studies?

22 A. Yes.

23 Q. How would you characterize the
24 distribution within grades --

11:40 25 MR. SHAH: Object to form.

11:40 1 Q. -- at Intel?

2 MR. SHAH: Object to form.

3 A. It varies by job and grade. Some jobs are
4 lower in the range, some jobs are higher in the

11:40 5 range. In aggregate, I'd say we generally have a
6 bell-curve distribution, where most of the employees
7 are in the middle quartiles, and a much smaller
8 percentage are in the bottom and top quartiles.

9 Q. Has that bell-curve distribution been true
11:41 10 throughout the time you have been at Intel?

11 MR. SHAH: Object to form.

12 A. It changes every year. It's hard to
13 answer.

14 Q. Was there a time period when you would not
11:41 15 characterize the distribution within grades as a
16 bell curve?

17 MR. SHAH: Object to form.

18 A. I'd have to look at the data each year to
19 be able to answer that. I don't know.

11:41 20 Q. Offhand, you can't recall?

21 A. My recollections of when I have seen the
22 data is, it has mirrored a bell-curve distribution.

23 Q. Are there specific types of reports that
24 contain this information?

11:42 25 A. Yes.

11:42 1 Q. What are those reports called?

2 A. There's queries for our HR system record
3 where you could get that data. We have our own
4 system within compensation that's called Reward that
11:42 5 houses employee data, and that would show range
6 distribution.

7 Q. How often are range distribution reports
8 run?

9 MR. SHAH: Object to form.

11:42 10 A. They can be run by anybody who has access,
11 so it could be many times a year, could be once a
12 year.

13 Q. Are range distribution reports circulated
14 internally on a regular basis?

11:43 15 MR. SHAH: Object to form.

16 A. Within compensation, I'd say yes. Outside
17 compensation, I'd say it would be more rare.

18 Q. Who within compensation receives range
19 distribution reports on a regular basis?

11:43 20 MR. SHAH: Object to form.

21 A. So we have a group that does the
22 benchmarking market intelligence work, creation of
23 salary ranges, that type of thing, within
24 compensation. Then we have a group that does -- we
11:44 25 would call them the face -- the business consultants

11:44 1 that support the various business groups around the
2 company. So the central group would provide those
3 range distribution data to share point sites, and
4 consultants can then go and access the reports and
11:44 5 decide what they share with their -- the managers
6 they support. It's kind of up to them.

7 Q. Which individuals are part of the central
8 group you described?

9 A. I'm part of the central group. Claire
11:44 10 Gray runs that central group, so me and my peers.

11 Q. How many other individuals work in the
12 central group currently?

13 A. Currently? Fifteen to twenty.

14 Q. Has that number changed throughout your
11:44 15 time at Intel?

16 A. Yes.

17 Q. How has it changed?

18 A. That work used to be done more
19 decentralized, so it would be -- each country would
11:45 20 run their own analysis. We changed to a more
21 centralized model for the benchmarking market
22 intelligence probably seven years ago. So we've had
23 anywhere from 15 to 30, probably, over the last
24 seven years, depending on the year.

11:45 25 Q. Just to clarify, did you say seven years

11:45 1 ago or several years ago?

2 A. About seven years ago.

3 Q. In 2001, you were promoted into range 7?

4 A. Grade ■.

11:46 5 Q. Grade ■. Excuse me. Where within the
6 range in grade ■ were you paid?

7 MR. SHAH: Object to form.

8 A. Probably Q1.

9 Q. Do you recall whether it was Q1?

11:46 10 A. I don't recall specifically. Again,
11 because of the overlap and not having a lot of time
12 in grade ■, I would have fallen lower and lower in
13 the range, so most likely Q1, but I'm not 100
14 percent sure.

11:46 15 Q. Did you receive an increase in your total
16 compensation when you were promoted from grade ■ to
17 grade ■?

18 A. Yes.

19 Q. Did you receive any other grade promotions
11:46 20 while you were an HR business partner besides the
21 ones we've discussed?

22 A. No.

23 Q. In approximately March 2003, you were
24 promoted to senior compensation analyst; is that
11:47 25 accurate?

11:47 1 A. I changed jobs. I wouldn't say promoted.
2 It was a lateral move, so I moved organizations, but
3 I was in the same grade.

4 Q. What prompted the move in organizations?

11:47 5 A. I was bored. I just wanted something
6 different to do. I had some project work as an HR
7 business partner that related to compensation.
8 There was an opening. I applied for it. I got the
9 job.

11:48 10 Q. Was this a job as the compensation and
11 benefits specialist?

12 A. Yes.

13 Q. And within that, you had some roles that
14 we've discussed earlier; is that fair?

11:48 15 MR. SHAH: Object to form.

16 A. Yeah, I don't know that we talked much
17 about the compensation and benefits one.

18 Q. Okay. When you first joined the
19 compensation and benefits specialist, what grade
11:48 20 were you in?

21 A. Grade ■.

22 Q. Did you receive an increase in your total
23 compensation when you moved from the HR business
24 partner to the compensation and benefits specialist
11:48 25 position?

11:54 1 warrant special market adjustment budget pay?

2 MR. SHAH: Object to form.

3 A. Each year it might be different. Each
4 business group, it might be different. I couldn't
11:55 5 answer specifically.

6 Q. Do you recall any jobs that were
7 identified during the time period when you were a
8 business consultant?

9 A. Research and development jobs would tend
11:55 10 to be a priority for the business groups that I was
11 supporting. But like I said, you know, it would
12 vary from group to group and depend on the
13 population. So you know, I supported some groups
14 that did a lot of R&D. I supported groups that did
11:55 15 materials purchasing, corporate services. They had
16 their own list. So everybody would have a list of
17 "Here's where I'd like more budget, more money to
18 spend."

19 So I don't know that there's, you know, a
11:56 20 consistent job that I would call out.

21 Q. Besides research and development jobs that
22 you have identified, can you identify any other jobs
23 that managers brought as a potential concern for --
24 let me try that again. Besides the research and
11:56 25 development jobs you have identified, can you

11:56 1 identify any other jobs that managers raised as a
2 potential concern for an SMA budget during the time
3 period when you were a business consultant?

4 MR. SHAH: Object to form.

11:56 5 A. Yeah. Like I said, I mean, every manager
6 would have their list of jobs, so...

7 Q. And I'm asking if you can identify any of
8 them.

9 A. Materials jobs, purchasing jobs,
11:56 10 construction jobs, process jobs. You know, to some
11 extent, you ask them what they want, and they give
12 you their wish list. So --

13 Q. With respect to the business -- excuse me,
14 the research and development jobs, why did managers
11:57 15 identify those as a particular concern in need for
16 an SMA budget?

17 MR. SHAH: Object to form.

18 A. Research and development jobs,
19 particularly in the groups I was supporting. So
11:57 20 they would be doing manufacturing, and since Intel
21 has sort of leadership in that space, the types of
22 employees that were looking for lots of other
23 semiconductor companies are looking for them, too.
24 So...

11:57 25 Q. Managers identified research and

11:57 1 development jobs as jobs where there was lots of
2 competition and therefore recommended an SMA budget
3 for those jobs; is that fair?

4 MR. SHAH: Object to form.

11:58 5 A. It was business priority to get the best
6 talent they could hire in, so the -- since that's --
7 you know, where you're hiring from, that's a lot of
8 times where your concerns are, your -- so I don't
9 know that it's -- you know, if I break jobs into --
11:58 10 we break jobs into one of three categories -- job
11 families, we call them -- R&D, tech, and nontech,
12 there's a lot more -- if I take like HR, IT,
13 finance, those are jobs that exist in all
14 industries. When you start to limit to R&D within
11:59 15 the semiconductor manufacturing realm, the number of
16 people in those jobs starts to narrow. So it --
17 different market dynamics based on the job type. So
18 yeah, there's more competition for R&D jobs than
19 there is for HR jobs.

11:59 20 Q. [REDACTED]

21 [REDACTED]

22 MR. SHAH: Object to form.

23 A. [REDACTED]

24 [REDACTED]

11:59 25 [REDACTED] paying them to our goals

12:00 1 for those jobs.

2 Q. And is the purpose of the SMA budget to
3 help retain and attract talent for the R&D jobs?

4 MR. SHAH: Object to form.

12:00 5 A. I'd say it's to pay the goals and to
6 retain on the track side. Managers -- those hiring
7 decisions are sort of individual negotiations
8 between a candidate and a manager, so I think from
9 our perspective, it's mostly about our employees
12:00 10 that are at Intel.

11 Q. If an SMA budget is allocated to an R&D
12 job, can the manager offer more compensation to a
13 potential candidate?

14 MR. SHAH: Object to form.

12:01 15 A. It doesn't change what a manager can or
16 can't do. A manager has discretion to bring
17 employees in based on what they feel their value is.
18 Whether that's at the same pay of people who are
19 currently at Intel doing that job or deciding to pay
12:01 20 them more, I mean, that's a manager decision. To
21 the extent that you're moving the pay for a
22 population and the manager default is to bring
23 people in at the same rate of what they're paying
24 existing employees, then yes, over time, the more
12:02 25 you put in SMA, and that may translate to higher

12:02 1 offers in the future.

2 Q. From business consultant at grade 7, did
3 you -- strike that. During your focal -- during the
4 time period when you were a business consultant at
12:02 5 grade ■, what was your rating?

6 A. ■
7 ■ I don't recall which
8 years and what ratings.

9 Q. During that time period, were you aware of
12:02 10 what the ratings were for your peers?

11 A. No.

12 Q. Were you aware of what percentage of your
13 peers also received ■

14 A. Intel has rating distribution guidelines,
12:03 15 expectations of what ratings would be, so
16 successful, it's assumed that 60 to 70 percent -- so
17 most employees -- are going to be rated successful.
18 So if I had to guess what somebody was rated, I
19 could guess successful and be right 60, 70 percent
12:03 20 of the time.

21 Q. Have you ever spoken with your peers about
22 what their ratings were?

23 A. No.

24 Q. Never?

12:03 25 A. No. I don't want to know. Better to not

12:03 1 know. It's personal. It's between them and their
2 manager.

3 Q. Have you ever been made aware that
4 employees speak to each other about what their
12:03 5 ratings are?

6 MR. SHAH: Object to form.

7 A. Sure. That's an individual choice.
8 There's nothing that prohibits it. It's just
9 something I'm not personally interested in.

12:04 10 Q. How did you become aware that employees
11 speak to each other about what their ratings are?

12 MR. SHAH: Object to form.

13 A. I don't know that I have witnessed it, but
14 people talk, some people more than others. So I
12:04 15 don't have anything else besides that.

16 Q. At a certain point, were you -- did you
17 receive a promotion from business consultant in
18 grade ■?

19 MR. SHAH: Object to form.

12:04 20 A. Yes, I was promoted to a grade ■.

21 Q. When was that?

22 A. End of 2006, I think.

23 Q. Prior to being promoted to grade ■, did
24 you receive any increase in compensation or
12:05 25 promotion within grade ■?

12:05 1 MR. SHAH: Object to form.

2 A. Increase to compensation, not a change to
3 grade.

4 Q. When you received an increase in
12:05 5 compensation, did that move you to a different
6 quartile within grade ■?

7 MR. SHAH: Object to form.

8 A. Sometimes, yes, sometimes, no. Because
9 the ranges are wide, the quartiles end up still
12:05 10 being pretty wide, so the pay increase may move you
11 up within a quartile, but not change the quartile.

12 Q. And you were in grade ■ between 2003 and
13 2006; is that accurate?

14 A. Actually, it may have been 2008. 2004,
12:06 15 2005 -- I could look, if it's important. It was
16 sometime -- I think it was probably more 2008 than
17 2006.

18 Q. Fair to say between three to five years
19 that you were in grade ■?

12:06 20 A. Yeah. Yeah.

21 Q. And during that time period, you received
22 compensation increases within grade ■?

23 A. Yes.

24 Q. How often did you receive compensation
12:06 25 increases within grade ■?

12:07	25		
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12:08 1 [REDACTED] It depended on the year, depended on the
2 budget, depended on what was happening in -- within
3 Intel.

4 Q. When you were promoted from grade [REDACTED] to
12:08 5 grade [REDACTED], in what quartile was your compensation
6 within grade [REDACTED] prior to your promotion?

7 MR. SHAH: Object to form.

8 A. I don't recall. [REDACTED] I don't know.

9 Q. Were you aware of what the pay range of
12:08 10 grade [REDACTED] was at that time?

11 A. Yes.

12 Q. When you received the promotion to grade
13 [REDACTED], did your job responsibilities change?

14 A. Not as much. I think I -- I was
12:09 15 performing, I think, at a grade [REDACTED], and since I
16 transferred jobs, again sort of a proving period
17 before sort of formalizing it, so once I had sort of
18 proved myself that I could compete, perform at that
19 level of scope, then my manager promoted me.

12:09 20 Q. What do you mean by you were performing at
21 a grade [REDACTED]?

22 A. Each grade level has criteria that Intel
23 defines about the job and the level of impact you
24 have, the amount of discretion that you have,
12:09 25 whether you're doing strategic work or tactical

12:10 1 work. So they have different criteria within each
2 grade, and so the job I had that I moved to after
3 the business consultant role had more scope, had
4 more influence, and the promotion came after I
12:10 5 proved myself, I guess.

6 Q. What job did you move to after the
7 business consultant role?

8 A. That was the exec comp program manager. I
9 also did the bonus programs, variable pay for Intel.

12:10 10 Q. When you say the bonus programs, are you
11 talking about two specific -- two different jobs, or
12 you worked to do bonus within the executive comp
13 program manager?

14 MR. SHAH: Object to form.

12:11 15 A. They're two different roles. I did both
16 roles.

17 Q. You did both roles simultaneously after
18 the business consultant manager --

19 A. Yes.

12:11 20 Q. Was that considered a promotion?

21 A. When I took the job, no. It would have
22 been considered a lateral.

23 Q. When you took that job -- or strike that.

24 Did you have to apply for that job?

12:11 25 A. Yes.

12:11 1 Q. So you applied for the job and you
2 received the job; is that correct?

3 A. Yes.

4 Q. And when you received the job, did that
12:11 5 result in increase in your total compensation?

6 A. No.

7 Q. Did it change your direct report?

8 A. It changed my manager.

9 Q. Who was your manager?

12:11 10 A. Jodie Hickam.

11 Q. And when you changed to the executive
12 compensation program manager, did you have any
13 direct reports?

14 A. No.

12:12 15 Q. How did your job responsibilities change?

16 A. So I wasn't involved with supporting
17 business groups anymore. I was -- my job dealt
18 with -- the bonus programs are global in nature, so
19 I was responsible for the analysis and communication
12:12 20 of the bonuses. And in exec comp I was -- instead
21 of working on employee compensation things for, you
22 know, grade 7 and 8s, it was executives.

23 Q. What grade are executives, typically?

24 A. It depends on how you define "executive."

12:13 25 Q. How do you define "executive"?

12:13 1 A. For -- we have vice presidents that are
2 appointed by the board of directors. Those start at
3 grade 14. So those are definitely executives.

4 Underneath that, there are vice presidents that are
12:13 5 appointed by the business groups, so Intel managers,
6 not the board of directors. I would also consider
7 those executives. And that would be grade 11, grade
8 12.

9 Q. Have we discussed your essential job
12:14 10 responsibilities in your position as the executive
11 compensation program manager?

12 A. In the executive compensation -- for the
13 broad base, the focal cycle is April to April. For
14 the executives it's January to January. So the
12:14 15 executives have a different timing, different
16 cadence. They use a different tool. Instead of
17 web-based tool, we do things in Excel, because it's
18 a much smaller number that we're dealing with. So
19 I'd be involved in benchmarking market pricing for
12:14 20 executive-level jobs instead of the broad-based
21 survey jobs that I did when I was in the consultant
22 role. I'd be responsible for the calendar of the
23 executive focal process when reviews needed to be
24 written, feedback gathered, so more tactical pieces
12:15 25 of the executive focal process.

12:15 1 Q. The executive compensation program manager
2 was still under the umbrella of compensation and
3 benefits specialist? Was that --

4 A. That was still my internal job title, yes.

12:15 5 Q. You said when you first started the job,
6 you were still paid at grade ■ but you were
7 performing at grade ■; is that accurate?

8 MR. SHAH: Object to form.

9 A. The job, I think -- any job, you can -- a
12:15 10 manager can increase or decrease the scope to
11 reflect a different grade level. Each job may have
12 a natural grade level. My version would be, the
13 natural grade level for the jobs I was doing was a
14 grade ■. I came over as a grade ■, which is fine.

12:16 15 That was part of the my reason for applying for the
16 job. I knew the job could grow to a higher grade.
17 So the fact that I wasn't promoted at the time I
18 moved to the job wasn't a concern to me.

19 Q. When you applied for the job, did you have
12:16 20 a discussion about the potential growth in the grade
21 that the job should have?

22 A. I don't think I had that explicit
23 conversation with my manager.

24 Q. How did you understand that the job could
12:16 25 grow to a higher grade?

12:16 1 A. The job was posted in the internal system
2 as a grade ■, so -- but a manager can hire a grade
3 or a grade above, so I knew what the manager felt
4 like the job was, so...

12:17 5 Q. Did the manager feel like the job was a
6 grade ■?

7 MR. SHAH: Object to form.

8 A. I don't know. I think she felt the grade
9 ■ could do the job and I could prove myself capable
12:17 10 of a grade ■.

11 Q. How long after you began that job were you
12 promoted to grade ■?

13 A. That's where the 2006/2008 blurs for me.
14 It might have been a year and a half. It wasn't --
12:17 15 I don't recall that it was immediate, but I'd have
16 to look at my records.

17 Q. When you were promoted to grade ■, did you
18 receive an increase in your total compensation?

19 A. Yes.

12:18 20 Q. What quartile within grade ■ were you paid
21 when you received your promotion?

22 MR. SHAH: Object to form.

23 A. I don't recall. I didn't worry about
24 quartiles too much. Most employees, it's how much
12:18 25 is my pay growing, not where I sit.

12:18 1 Q. Did you know what the minimum and maximum
2 of the range in grade ■ were at the time?

3 A. I'm sure I did.

4 Q. Did you know what the midpoint of grade ■
12:18 5 was at the time?

6 A. I'm sure I did.

7 Q. And do you know where you were paid
8 relative to the midpoint?

9 A. I don't know.

12:18 10 Q. Did you receive any other promotions after
11 the promotion to grade ■?

12 A. ■

13 Q. Are you currently paid at a grade ■?

14 A. ■

12:19 15 Q. Do you know the current range of grade ■?

16 A. By memory, no. I mean I see the data, but
17 I don't remember the number.

18 Q. Have you received any increases of
19 compensation within grade ■?

12:19 20 A. ■

21 Q. How frequently have you received those
22 increases?

23 A. Each April, typically, but we didn't do
24 pay raises in 2009, so nobody -- most -- not

12:19 25 nobody -- most employees didn't receive a pay raise

12:19 1 in 2009.

2 Q. In the focals that you have had since you
3 have been in grade ■, what have your ratings been?

4 MR. SHAH: Object to form.

12:19 5 A. ■

6 Q. Has your manager changed at all since you
7 have been in grade ■?

8 A. Yes.

9 Q. How has your manager changed? Or excuse
12:20 10 me, who are the managers that you have had since you
11 have been in grade ■?

12 A. Jodie Hickam was the one what promoted me
13 to tactical grade ■, and Claire Gray has been my
14 manager since being a grade ■, after I changed jobs
12:20 15 from the exec comp role into another compensation
16 role.

17 Q. And when did you change jobs from the exec
18 comp role? Was that to the compensation manager
19 job?

12:20 20 A. No. I -- I was still comp and benefits
21 specialist by the official system. Internally, I
22 was base pay program manager, and that was in April
23 2008.

24 Q. What were your job responsibilities as
12:20 25 base pay program manager?

12:21 1 A. Kind of -- well, focal -- a lot of the
2 things with focal budgets, base pay increases. I
3 worked on projects to share more pay data with
4 managers in tools that they could access so they
12:21 5 could see how their employees were paid relative to
6 market and each other, and their Intel peers. I
7 have also worked -- excuse me -- I'd also work on
8 special projects that might deal with total
9 compensation design projects. Kind of a hodgepodge,
12:21 10 I guess, of responsibilities.

11 Q. Did you spearhead the project to share
12 more pay data with managers?

13 A. Yes.

14 Q. When did that project take place?

12:22 15 A. It evolved over time. I'd say it started
16 in earnest in late 2009, and is ongoing.

17 Q. What prompted the project?

18 A. We have the really wide salary ranges that
19 I talked about. In the US, for example, where a
12:23 20 grade 8 -- there's one range. So it covers the pay
21 for all jobs in that grade.

22 Internal to comp and benefits, we
23 benchmark pay against a smaller range, a more job
24 specific range, so the -- my project was basically
12:23 25 to take that data that we use in our back office and

12:23 1 share it with managers without replacing the
2 existing ranges.

3 Q. What do you mean, that internal to comp
4 and benefits, you benchmark pay against a smaller
12:23 5 range?

6 A. So we'll have -- instead of one range for
7 a grade 8 in a particular country, we could have
8 [REDACTED] that -- it's a kind of a
9 subset, I guess, of jobs, and we look at jobs that
12:24 10 are paid similarly. So to my example before, across
11 that wide range, if I looked at the [REDACTED]
12 their ranges would tend to be in Q1 or Q2 of the
13 bigger range. [REDACTED] might be around the
14 middle. And [REDACTED] might be towards the high
12:24 15 end of the range. So it's that specific -- those --
16 we called them pay lines, is the term we've used
17 internally, or external market. Those are the
18 ranges that we use to decide SMA, special market
19 adjustments. Those are the ones that we use to
12:24 20 measure how well we're paying to our pay goals.

21 Prior to that, the manager would just see
22 really the wide range, so this was an opportunity to
23 share the ranges that we use behind the scenes when
24 we would talk to them about position of market, POM,
12:25 25 or position of goal, POG, data that we would share

12:25 1 with managers.

2 Q. For how long has the compensation and
3 benefits group been using the smaller pay lines
4 within the range?

12:25 5 MR. SHAH: Object to form.

6 A. We've always benchmarked to more specific
7 levels. Most of the time we match an Intel job code
8 in grade to a market survey job code in grade. The
9 accumulation of those would create the formation of
10 the wide range, the actual practice of creating
11 separate market ranges. I want to say it was
12 mid-2000, somewhere in there. I don't know the
13 exact year. I wasn't involved in the project. Like
14 between 2004, say, and 2006, somewhere around there.

12:26 15 Q. Is there an expectation that specific job
16 codes and grades will be paid around the specific
17 pay lines?

18 MR. SHAH: Object to form.

19 A. I'm not sure I follow your question.

12:27 20 Q. You said that compensation and benefits
21 uses the smaller pay lines to match the job code in
22 grade to the market survey job code in grade. Is
23 that fair?

24 A. Yes.

12:27 25 MR. SHAH: Object to form.

12:27 1 Q. What does Intel do to ensure that the
2 actual employees within the job code and grade are
3 being paid around those pay lines?

4 MR. SHAH: Object to form.

12:27 5 A. So we look at each job code as assigned to
6 a pay line, and so you can measure how each job code
7 is paid relative to that midpoint of the pay line.

8 [REDACTED]

9 [REDACTED]

12:28 10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 Beyond that, there isn't control placed, I
14 guess, on where the manager pays employees relative
12:28 15 to that pay line, or that more specific external
16 market data. Right now it's given to them as
17 "Here's better data than the wide range, the GENI
18 range," we call them. How managers act on that is
19 really up to them.

12:28 20 Q. Since you have been involved in
21 compensation, have you reviewed from time to time
22 reports showing whether Intel's job codes are being
23 paid relative to the midpoint of the pay line?

24 MR. SHAH: Object to form.

12:29 25 A. We do that every year.

12:29 1 Q. That's a regular process?

2 A. That's a regular process.

3 Q. Who's involved in that process?

4 A. There's the central group that does, like

12:29 5 I said, the benchmarking and market pricing. We

6 review it. But the business consultants who support

7 the various business groups -- they review it, as

8 well. I'd say most of the analysis is done by the

9 business group consultants.

12:29 10 Q. Has it ever come to your attention that

11 Intel is paying a specific job code far different

12 from the midpoint of the pay line?

13 MR. SHAH: Object to form.

14 A. Jobs are below and above the midpoint all

12:29 15 over the range. Sometimes that's by intent,

16 particularly if you have a bunch of employees that

17 are new to the grade or a hiring ramp where, again,

18 because they're new, you'd expect them to be lower

19 in the range. Sometimes it's because some jobs

12:30 20 are -- you know, there's less supply of some jobs in

21 the market which supply demand in jobs. That

22 impacts it, too. So it varies. For the most part,

23 most jobs, we do a pretty good job of keeping, you

24 know, plus or minus 5 to 10 percent of our

12:30 25 midpoints.

12:30 1 Q. When you say [REDACTED] of the
2 midpoints, you're talking [REDACTED] of the
3 midpoints for the pay lines?

4 A. Yes.

12:31 5 Q. If a report brought to your attention that
6 a job specific job code was midpointed at more than
7 [REDACTED], or exceeded [REDACTED] of the
8 midpoint, would Intel take any corrective actions?

9 MR. SHAH: Object to form.

12:31 10 A. Within C&B we might recommend SMA. But so
11 that's our normal process, right, we want to keep
12 the jobs paid close to market, but we don't get
13 every job there, nor do we cut pay when jobs are
14 above. So it's a balance. You know, some of it
12:31 15 will come down to priorities in what you can afford,
16 what you can -- the budget you have been given. So
17 there have been years when we have not delivered SMA
18 because we preferred most of the money to go to
19 merit, so that managers can deliver
12:32 20 meritocratically.

21 Q. What's the purpose of the goal of keeping
22 the jobs paid close to market?

23 MR. SHAH: Object to form.

24 A. We have pay philosophies, and so we use
12:32 25 merit and SMA to deliver to those pay philosophies.

12:32 1 But it's not a -- it's not like an if/then, or it
2 always happens. It's -- if we're low, within
3 compensation we want to be able to deliver to the
4 pay goal, whether we can afford to do that and make
12:33 5 that change over a one-year period, a two-year
6 period, a three-year period, a five-year period,
7 whatever. Sometimes the horizons are different, so
8 by looking at the data we can make the
9 recommendation and then, based on manager input and
12:33 10 how much funding we actually get, we can, you know,
11 make those decisions how much to deliver.

12 Q. And when you say "deliver to the pay
13 goal," you're referring to the pay line for the
14 specific job; right?

12:33 15 MR. SHAH: Object to form.

16 A. The midpoint on the pay line that those
17 jobs are assigned to, yes.

18 Q. Well, what is the purpose of trying to
19 communicate that pay line information to managers?

12:34 20 MR. SHAH: Object to form.

21 Q. And strike that. Let me back up. You
22 testified that one of the projects you took on in
23 the base pay program manager was to spearhead a
24 project on providing more information to the
12:34 25 managers about the pay lines. Was that fair?

12:36 1 managers, A, they could see what our view of the
2 market is, you know. The basic sense was if this
3 data is good enough to justify the budgets we
4 recommend to executives, it's good enough to be able
12:36 5 to share that with employees.

6 So a manager could then see how somebody's
7 paid and decide, should I give a bigger or smaller
8 increase to that employee, based on where they were
9 paid and how their performance is, and how they
12:36 10 stack up relative to their peers doing the same job.
11 Basically it became a way to say if the managers
12 have more access to the information, will they have
13 more trust and confidence in our pay approaches and
14 have better conversations with employees who might
12:37 15 have questions about their pay?

16 Q. And was this project implemented?

17 A. We have implemented the project to share
18 the data with managers. We did that in -- my memory
19 is bad -- 200- -- we did a pilot with some groups to
12:37 20 test the tool to see what manager receptivity would
21 be to it. That was in 2011, 2012 we shared the data
22 with all managers.

23 Q. In your opinion, has the project been
24 successful?

12:38 25 A. Yes, from the standpoint that managers

12:38 1 appreciate being able to access the data.
2 Ultimately, until those pay lines replace the wide
3 ranges, it's a work in progress. Right now, it's
4 there as information and context for managers versus
12:38 5 being fully integrated into our pay tools and in
6 particular the tool used for the focal increases.
7 Q. Does Intel have plans to replace the
8 ranges with pay lines?
9 MR. SHAH: Object to form.
12:39 10 A. I hope we do. I don't -- there isn't a --
11 it's -- we're working on it. I wouldn't say there's
12 a definitive plan or commitment in place yet. We
13 hope to replace it, but we'll see.
14 Q. When you say you hope we do, in your mind,
12:39 15 that would be a good --
16 A. It would be a good thing.
17 Q. And why is that?
18 A. See, we just have one pay range, not two,
19 and I think it's easy -- it's confusing for managers
12:39 20 why we have two.
21 Q. While you were base pay program manager,
22 you were still in grade ■; yes?
23 A. Yes.
24 Q. And at a certain point, did you change
12:39 25 your job title to compensation manager?

12:40 1 A. Yes.

2 Q. And that was approximately nine months
3 ago?

4 A. Yes.

12:40 5 Q. Was that a promotion?

6 A. No. By virtue of being the same grade,
7 it's lateral. It's a development opportunity for
8 me.

9 Q. Did you apply for the job?

12:40 10 A. Yes and no. My manager asked me if I
11 would be interested in it. It was more part of a
12 reorg than the other jobs where I knew the job was
13 being open. So I guess -- I didn't formally
14 interview, but I agreed with my manager that I would
15 move to the new job.

16 Q. Did you receive any increase in your total
17 compensation when you moved to the compensation
18 manager position?

19 A. [REDACTED]

12:41 20 Q. Did your job responsibilities change?

21 A. Yes.

22 Q. Describe what your job responsibilities
23 are as compensation manager.

24 A. I manage the work of four other employees
12:41 25 that work on focal budgets and stock programs and

12:41 1 bonus programs.

2 Q. What are the names and job titles of those

3 four other employees?

4 A. They're all considered compensation --

12:41 5 comp and benefits specialists. Tanya Kako is one

6 we've mentioned before. Terri DeGroat,

7 D-E-G-R-O-A-T, is one. Carol Buck, B-U-C-K, is

8 another. And Yamit Liveneh is the fourth.

9 L-I-V-E-N-E-H, if that helps.

12:42 10 Q. Do you still report to Ms. Gray?

11 A. Yes.

12 Q. Is this the first job position where you

13 have had direct reports?

14 A. Yes.

12:42 15 Q. Is part of your job now to provide focal

16 reviews to these direct reports?

17 A. Yes.

18 Q. Have you had an opportunity to do that

19 since you have been in your new job as compensation

12:42 20 manager?

21 A. Yes.

22 Q. When was that?

23 A. This month.

24 Q. What ratings did you give your four

12:42 25 employees, four direct reports?

12:42 1 A. Our business group is running a pilot of
2 no ratings, so they didn't get a rating.

3 Q. Did you have responsibility for allocating
4 total compensation amongst your four direct reports?

12:43 5 A. Yes.

6 MR. SHAH: Object to form.

7 Q. Did you have a merit budget for your four
8 reports?

9 A. Yes.

12:43 10 Q. Did you have a promotion budget for your
11 four reports?

12 A. Yes.

13 Q. And did you have an SMA budget for your
14 four reports?

12:43 15 A. No.

16 Q. Were there any other compensation pieces
17 that you were responsible for allocating to the four
18 reports?

19 A. Stock.

12:43 20 Q. How did you allocate the merit budget to
21 your four reports?

22 A. There's a merit matrix in the tool. So
23 even though we didn't give them a successful rating,
24 it became the default rates for each of our
12:44 25 employees, so 1 percent, basically.

12:44 1 Q. What do you mean by default rates?

2 A. The assumption in HR is that even though
3 they're not being communicated that they have a
4 rating, all employees would get a -- the raise
12:44 5 associated with a successful rating, and then the
6 manager could adjust the pay based on their
7 performance up or down, so they could get more than
8 [REDACTED] or get less than [REDACTED]

9 Q. And did you give all four of your reports
12:44 10 the same [REDACTED]?

11 A. Two of them, yes. Two others, no.

12 Q. For those two, did you give them more or
13 less than [REDACTED]?

14 A. More. One was promoted.

12:45 15 Q. When you say the [REDACTED], does that
16 include the promotion budget, or is that limited to
17 the merit budget?

18 A. The merit budget was [REDACTED]
19 was the average raise for a successful in Q2 or Q3
12:45 20 of the wide range. If they're in Q1, the tool would
21 recommend [REDACTED] or something more. If they were
22 in Q4, it would recommend [REDACTED].

23 Q. When you say "the tool," you spoke about
24 the matrix tool.

12:46 25 A. The focal tool. Merit matrix is part of

12:46 1 the focal tool.

2 Q. Okay. Explain to me what the focal tool
3 is.

4 A. It's an Internet-based tool that managers
12:46 5 access to make pay decisions.

6 Q. How do they use the focal tool to make pay
7 decisions?

8 A. A manager goes in and sees their
9 employees, enters a rating, performance rating, or
12:46 10 promotion, demotion, grade level changes, and based
11 on the employee's rating and their position in the
12 salary range, the merit -- the tool recommends a
13 base pay raise associated with that. The manager
14 then can change that amount up or down. Sometimes

12:47 15 they might completely disregard the tool and do 5
16 percent when the tool recommends 1 percent. It's up
17 to the manager. The tool gives them a -- they can
18 see how much budget they have to spend, and then
19 it's up to them whether they spend all that budget,
12:47 20 spend more than that budget, spend less than that
21 budget. It's kind of all over the place how they
22 behave.

23 Q. The managers have discretion to spend more
24 than they're budgeted?

12:47 25 A. They can overspend their budget.

12:47 1 Q. Where does that money come from?

2 A. For the most part, they'll spend to
3 budget. Some will overspend because some groups
4 underspend. Some will overspend and then the
12:47 5 decision at the executive level of each group --
6 they can roll up all the budgets and see, did they
7 spend to budget, or not. Most of the time they're
8 still underbudget. Sometimes it's overbudget, and
9 it's up to the executive of that group to decide to
12:48 10 tell people to go back and spend less or to say,
11 "It's close enough, I'm okay to -- that we spent a
12 little over our budget."

13 So it varies by group. We have some
14 groups that will overspend and some that underspend.

12:48 15 Q. Does Intel monitor how often groups
16 overspend their budget?

17 MR. SHAH: Object to form.

18 A. We have reports we look at each year, so
19 each cycle, which groups, where they are spending
12:48 20 relative to budget. But while most groups and most
21 managers spend to budget, some over and under, so in
22 aggregate, most of the time we're about at budget,
23 but sometimes a little over, sometimes a little
24 under.

12:49 25 Q. If a group continuously overspent on their

12:49 1 budget, wouldn't that impact Intel's bottom line?

2 MR. SHAH: Object to form.

3 A. Yes.

4 Q. Would that be a concern?

12:49 5 MR. SHAH: Object to form.

6 A. That would be up to the executive to
7 decide whether that's a concern or not.

8 Q. Has that circumstance ever been brought to
9 your attention?

12:49 10 A. Where a manager was punished for
11 personally overspending?

12 Q. Well, let's start with where a manager, a
13 group, was continuously or regularly overspending on
14 their budget.

12:49 15 A. I don't think it's looked at in a
16 longitudinal way. I think the budgets are looked at
17 each year in sort of isolation. It's possible that
18 somebody could be disregarding the budget every
19 year. I don't know.

12:50 20 Q. Has it ever been brought to your attention
21 that somebody was disregarding the budget?

22 A. I know people disregard the budget.
23 Whether something is done about it is a different
24 story. The HR business partner or the HR business
12:50 25 group, HR -- they support the business and would

12:50 1 decide with their executive whether the spending was
2 okay or not. We have a budget that's been approved
3 which we load into the tool and for the most part,
4 they spend to about budget. Sometimes some groups
12:51 5 are a little over, some groups are a little under.
6 We don't -- we don't micromanage it.

7 Q. Have you ever been made aware that a
8 manager was told to go back and not overspend on the
9 budget?

12:51 10 A. Uh-huh.

11 Q. Is that a yes?

12 A. Yes.

13 Q. And the executive of the business group
14 would make that decision?

12:51 15 A. Yes.

16 Q. And the manager would then have to go back
17 and reallocate to stay within budget?

18 A. Yes, if they wanted to do what their
19 manager said.

12:51 20 Q. If they didn't do what their manager said,
21 would they face repercussion?

22 MR. SHAH: Object to form.

23 A. I don't know.

24 Q. Have you ever learned that a manager was
12:51 25 punished or disciplined for overspending on their

12:51 1 budget?

2 A. No.

3 Q. Did you use the matrix or the focal tool

4 for determining the pay for your employees this

12:52 5 year, your direct reports?

6 MR. SHAH: Object to form.

7 A. Yes.

8 Q. You mentioned you were part of a pilot

9 program where you weren't using ratings; is that

12:52 10 right?

11 A. Yes.

12 Q. And so how did -- strike that.

13 Did that change the way you use the focal

14 tool?

12:52 15 A. I hadn't used the focal tool before this

16 year, so...

17 Q. Did that change the way managers -- excuse

18 me. Did you have to do anything different with

19 respect to the focal tool than managers who use the

12:52 20 rating system?

21 MR. SHAH: Object to form.

22 A. Yes. From the standpoint that the tool

23 doesn't generate an increase until a rating has been

24 in the system. So within our business group, we had

12:53 25 to load every employee as a rating that they

12:53 1 ultimately wouldn't receive so that the tool could
2 generate an increase.

3 Q. And did you do that?

4 A. Yes.

12:53 5 Q. Did you receive recommendations from the
6 tool about pay?

7 A. Yes.

8 Q. Did you follow those recommendations?

9 A. Sometimes.

12:53 10 Q. When you say "sometimes," you have only
11 done this once; is that right?

12 A. I say sometimes relative to the four
13 individuals, but yeah, just one time in the tool.

14 Q. So with respect to the four individuals,
12:53 15 how many of those individuals did you accept the
16 recommendations from the matrix?

17 MR. SHAH: Object to form.

18 A. Exactly follow the tool recommendation? I
19 probably didn't do it on any of them. Mostly

12:54 20 because I would just round the numbers, right,
21 instead of giving \$795 increase to base pay, \$800.

22 Sort of round up. Some employees I gave more

23 because their performance was better than just

24 successful over their peers, so it was a way to

12:54 25 recognize them for what I view as better than normal

12:54 1 performance, even though I didn't have a label that
2 I attached to it.

3 Q. Does the matrix give a recommendation for
4 how to spend the entire budget that's been
12:54 5 allocated?

6 A. The matrix only relates to the merit
7 portion of the budget. SMA is a set amount, so it
8 varies based on the job code or what the purpose of
9 the SMA is for, so it's not a one-size-fits-all
12:55 10 approach. And promo looks at the country and grade
11 of the employee being promoted, and where they sit
12 in the salary range, bigger increase recommended for
13 people lower in the range versus higher in the
14 range, type thing.

12:55 15 Q. Does the focal tool make any
16 recommendations with respect to the promotion
17 budget?

18 A. Yes.

19 Q. It's just not within the matrix; is that
12:55 20 right?

21 A. Right.

22 Q. And does the focal tool make
23 recommendations with respect to any SMA that may be
24 allocated?

12:56 25 A. Yes.

12:56 1 Q. Besides the rounding -- strike that. When
2 you made the decision to give certain of your
3 employees more than was recommended by the focal
4 tool, did that mean you had to give other employees
12:56 5 less than was recommended by the focal tool?

6 A. If I want to stay in budget, yes.

7 Q. And did that happen?

8 A. It's the little -- I was able to stay
9 within budget because I didn't have outstanding or
12:56 10 exceeds employees, so I could give more than the
11 successful recommendation because the successful
12 recommendation was [REDACTED], and I had a [REDACTED]
13 merit budget. So I had some wiggle room, I guess,
14 or some discretionary space to change.

12:57 15 Every manager has -- they can choose to
16 accept the tool recommendation or do something else.
17 It's a starting point. And then they modify from
18 the starting point. In a normal year or for a
19 manager not doing the pilot without ratings, if I
12:57 20 have more outstanding, if I give more employees a
21 rating of outstanding or exceeds than what the tool
22 is expecting me to do, or I give more of an increase
23 than what the tool is recommending on a consistent
24 basis, I will either have to overspend or give pay
12:57 25 freezes or reduce the increases to some set of

12:58 1 employees in order to stay within budget.

2 Q. Those three items you just mentioned, that
3 you would have to overspend, give pay freezes or
4 reduce the increases to some of the employees --

12:58 5 those are not ideal situations, are they?

6 MR. SHAH: Object to form.

7 A. Actually, they may be ideal. So the
8 manager, based on their employees, would know better
9 than some formula in a tool whether it should be

12:58 10 bigger or smaller. So by sharing, that was one of
11 the reasons to share the pay line information with
12 managers, so they had a better data point than the
13 wide range to be able to make an informed decision
14 whether they should do what the tool recommends,

12:59 15 give more than the tool recommends, give less than
16 the tool recommends. So our goal isn't -- we want
17 managers to do the right thing for their employees
18 based on their performance and the value they bring
19 to the organization.

12:59 20 Q. This year, were you under budget?

21 A. I either was just under budget or right at
22 budget for my four employees.

23 Q. Are there any studies or reports done to
24 determine how often managers come in under budget?

12:59 25 MR. SHAH: Object to form.

12:59 1 A. We look at the data. I'm having one of my
2 employees look at the data this year. I don't know
3 how much that's been done in past years.

4 Q. How often do managers distribute
01:00 5 compensation that leaves them under budget?

6 MR. SHAH: Object to form.

7 A. How often?

8 Q. Yeah.

9 A. I don't know.

01:00 10 Q. Why are you having one of your employees
11 look at that data this year? Or what's the purpose
12 of that?

13 A. My goal as manager of the group is when
14 the pay lines replace the GENI ranges, that the tool
01:00 15 will make a smarter recommendation of the pay
16 increase off of those more granular ranges than it
17 can off the wide ranges. And to the extent that
18 managers get to the point where they trust the tool
19 recommendation 100 percent because it's giving them
01:01 20 a smart recommendation, then that means managers are
21 spending less time in the focal tool and more time
22 managing their employees and doing their work.

23 So --

24 Q. When you say GENI ranges, you mean

01:01 25 G-E-N-I; correct?

02:18 1 Q. Do you agree that to compete effectively
2 in the modern employment market, Intel strives to
3 offer workplace benefits to their employees on an
4 equitable basis?

02:18 5 MR. SHAH: Object to form.

6 A. Yeah, I mean, I think you have to have --
7 I don't think you have to have the same programs as
8 the market. I don't think you have to -- well, each
9 company has different goals and different strategies
02:18 10 for various components. And so market-relevant I
11 guess is probably the way I would describe it. It
12 can't be -- you have to be in the ballpark. If too
13 many of your things are in left field or out in the
14 parking lot instead of in the play of field, you'll
02:19 15 have more of a challenge.

16 So we benchmark and do market intelligence
17 so we know what's current in the play of field. You
18 know, magazines that rank best places to work
19 publish things about companies, so, you know, when
02:19 20 companies start to offer some things, other
21 companies will follow suit. But it doesn't always
22 happen. You know, Intel does sabbaticals. A lot of
23 companies have not followed suit on giving
24 sabbaticals. Some companies do free soda and other
02:19 25 companies will follow suit. We basically can look

02:20 1 at what do other companies do and decide which
2 things do we need to adopt that would be good for
3 our work force, or fit with our culture, or return
4 some sort of -- may not have to return an investment
02:20 5 exactly, but if we get some value out of it, our
6 employees get some value out of it, that increases
7 morale or engagement or satisfaction with the work
8 force -- or the workplace.

9 Q. I'd like to go back. We talked earlier
02:20 10 about an individual named Dr. Kevin Murphy. Do you
11 recall that?

12 A. I think you mentioned it, and I didn't
13 recognize the name.

14 Q. I'm going to represent to you that he's an
02:20 15 expert that the defendants have hired in this case.

16 A. Okay.

17 Q. I'm going to represent to you that he has
18 represented that he had an interview with you on
19 June 19th, 2012.

02:21 20 A. Okay.

21 Q. Do you have any reason to believe that
22 that's not the case?

23 A. No. Like I said, I had several conference
24 calls with people over the phone. If I went back

02:21 25 and looked at June 19th, his name might have been on

02:21 1 the distribution list, but I couldn't recognize the
2 voices or describe to you who was asking me
3 questions or who wasn't. I was on a call with what
4 I thought were -- with Intel attorneys and I knew
02:21 5 other people occasionally were there, but I didn't
6 necessarily get into specifics about -- or remember
7 who was there and what their position was, so...

8 Q. Thinking to those telephone calls, what
9 was discussed?

02:21 10 A. Some of the same types of questions you
11 have been asking me today, just how we -- how we do
12 compensation at Intel, what our philosophies and
13 practices are, questions about how we guide
14 managers, so -- pretty similar, I guess.

02:22 15 Q. And did you explain on that telephone call
16 about the pay ranges that Intel uses?

17 MR. SHAH: Object to form.

18 A. I don't recall the specifics we discussed
19 in that meeting on June 19th. I suspect we talked
02:22 20 about ranges and budgets and things like that, but I
21 don't recall the specific conversation.

22 Q. Do you recall talking about pay lines
23 during those conversations?

24 MR. SHAH: Object to form.

02:22 25 A. I remember having conversations about pay

02:22 1 lines, but like I said, I can't remember the
2 specifics of the actual conversation.

3 Q. You talked about compensation, what the
4 practices are, talked about guidance given to
02:23 5 managers. Can you recall any other topics that you
6 would have discussed on that telephone call?

7 A. I was answering questions that they had.
8 So to the extent that I am forgetting questions they
9 asked, we could have covered -- I don't remember
02:23 10 having conversations about -- where some of your
11 questions have been more about me, all those
12 questions were more about company and philosophy and
13 guidance we give to managers. So more at the
14 company general practice level is what I recall.

02:23 15 Q. Do you recall how long the telephone
16 conversation -- that telephone conversation was?

17 A. I don't think any of the conversations
18 extended beyond an hour. I think they were
19 generally 30 to 60 minutes in length, if my memory
02:24 20 is right. Sometimes much shorter. There were some
21 calls where it was, you know, like two clarifying
22 questions, and I think it was in less than a half an
23 hour. But I think most of them were scheduled for
24 half hour to an hour.

02:24 25 Q. And I just want to be clear. I'm not

02:24 1 asking about telephone calls where just the
2 attorneys were on the phone. Do you recall whether
3 you had one interview on June 19 with Mr. Murphy and
4 then some follow-up calls, or do you know who was on
02:24 5 the phone during those conversations?

6 A. I don't know who was on -- I couldn't tell
7 you who was on each of the calls. I don't --
8 Mr. Murphy? Is that his name?

9 Q. Dr. Murphy.

02:25 10 A. Dr. Murphy. If he was on the call in
11 June, then yeah. But I don't specifically remember
12 it. And I don't remember him on other calls. But
13 it's, you know, four voices on the end of a phone I
14 have never met, never seen, and to me it didn't
02:25 15 really matter who was asking the question. It was
16 more -- I was more focused on providing an answer.

17 Q. Did you take any notes in connection with
18 those telephone conversations?

19 A. No. Or if I did, I don't keep them, you
02:25 20 know. I might, like, doodle while I'm talking, but
21 then throw them away.

22 Q. But you don't recall taking any notes?

23 A. No. Sorry.

24 (Exhibit 2030 marked.)

02:26 25 Q. I'm going to hand you a document that I

02:26 1 have marked Exhibit 2030. And this is a copy of the
2 declaration of Danny McKell in support of opposition
3 to class certification and exhibits. I'm going to
4 assume you're familiar with this document, but if
02:26 5 you want to take some time to review, that's fine.

6 A. Yeah, I'm familiar with this one.

7 Q. Sir, is this a copy of the declaration
8 that you signed and submitted in this case?

9 A. Yes.

02:27 10 Q. If you go to page 5, which is the last
11 page of the declaration before the exhibits --

12 A. Okay.

13 Q. -- paragraph 16 reads, "I declare under
14 penalty of perjury that the foregoing is true and
02:27 15 correct."

16 Do you see that?

17 A. Yep.

18 Q. And do you agree that everything in your
19 declaration is true and correct?

02:27 20 A. Yes.

21 Q. And did you sign this document in
22 Rio Rancho, New Mexico, on November 12, 2012?

23 A. Yes.

24 Q. And that's your signature; right?

02:27 25 A. Yes.

02:40 1 also include benefits and workplace perks. These
2 are the main items. So you know, chapter 16 covers
3 the cash side. There's other chapters for stock,
4 other chapters for retirement and health. So in the
02:40 5 broadest sense of T-COMP, I would include those
6 other elements relative to chapter 16. It's more
7 focused on the base and bonus like it's listed in
8 the paragraph.

9 Q. And when you say "chapter 16," you're
02:40 10 referring to the Exhibit A that's attached to your
11 declaration?

12 A. Yes.

13 Q. Generally speaking, if we included
14 benefits and workplace perks, are there any other
02:41 15 elements that constitute total compensation that are
16 not included in this paragraph?

17 A. There's -- by some definitions you would
18 include training and development, career
19 opportunities. Total remuneration I think is
02:41 20 labeled some comp forms or things to talk about. So
21 it can -- it can extend to everything that --
22 involvement in the community. It can be broad.
23 T-COMP, for the most part, when we have talked about
24 it within Intel, is primarily focused on the
02:41 25 compensation and benefit programs that employees

02:41 1 receive by virtue of their employment. But it can
2 be brighter -- or a broader description in different
3 contexts.

4 Q. Then it says, "The same components
02:42 5 comprise Intel compensation during the alleged class
6 period."

7 Do you see that?

8 A. Yes.

9 Q. And is that accurate?

02:42 10 A. Yes.

11 Q. Paragraph 4 says, "Intel assigned each
12 employee to a 'grade' level and used a broad 'total
13 pay' range for each grade."

14 Do you see that?

02:42 15 A. Yes.

16 Q. Is that the ranges that we've been
17 discussing this morning that you're referring to?

18 MR. SHAH: Object to form.

19 A. The broad ranges, yeah. I referred to
02:42 20 these GENI ranges. Those are the same.

21 Q. The mix of -- you then say, "The mix of
22 compensation components differed across grade
23 levels, with the bonus component typically
24 increasing with grade level."

02:42 25 Is that accurate?

02:42 1 A. Yes.

2 Q. Describe how that worked.

3 A. So each grade level will have a -- either
4 a bonus target percent or a bonus -- a range of
02:43 5 bonus target percents that a manager can apply or
6 assign to an employee. [REDACTED]

7 [REDACTED]
8 [REDACTED] So higher base pay
9 equals higher bonus by virtue of the [REDACTED]

02:43 10 At the senior grades, [REDACTED]
11 [REDACTED]
12 [REDACTED]; and then at the
13 senior grades, it might be [REDACTED]
14 [REDACTED]. So
02:43 15 each grade has a range that a manager assigns to the
16 employee based on the value that they think that
17 employee brings at that grade level.

18 Q. And your description of the bonus
19 component just now, is that the same throughout the
02:44 20 time period from 2005 to 2009?

21 A. The bonus targets have been the same. [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED] In the
02:44 25 2005 to 2009, I don't believe there were any other

02:44 1 changes relative to the bonuses.

2 Q. Okay. Going back to paragraph 4, the next
3 sentence, you say, "I refer to base pay plus cash
4 bonuses as 'total pay,' because the two were often
02:45 5 considered together in company-wide compensation
6 analysis, though the relative proportion of those
7 components varied among individuals."

8 Do you see that?

9 A. Uh-huh.

02:45 10 Q. And what do you mean by "the relative
11 proportions varied among individuals"?

12 A. So let's take like a grade 7 as the
13 instance. You could have one employee that has a [REDACTED]
14 [REDACTED] bonus target and another employee that has a
02:45 15 [REDACTED] bonus target. Depending on
16 their mix of base to bonus target, their total pay
17 could be about the same. The one with the [REDACTED]
18 target could actually have higher total pay if their
19 base pay was much higher than the employee that had
02:45 20 the [REDACTED] target. So each
21 individual's pay is kind of the manager decision
22 that they make at focal.

23 We look at it, at the data, in aggregate,
24 so we could look at, say, all grade 7s in the US and
02:46 25 say, you know, on average, is our -- is the average

02:46 1 pay and bonus target of our grade 7s -- how well
2 does that map to the market in our intended pay
3 goal? But there's a wide range around that average.

4 Q. In paragraph 5, you say, "Attached as
02:46 5 Exhibit B is a true and correct copy of Intel's
6 'Salary Ranges, Merit Matrices, Promo Guidelines and
7 Budget' presentation dated June 26, 2007" -- there's
8 a Bates number -- "describing the annual process by
9 which Intel managers determined employee
02:47 10 compensation."

11 Do you see that?

12 A. Uh-huh.

13 Q. If you turn quickly with me to Exhibit B.

14 A. Okay.

02:47 15 Q. Looking at what you have identified as
16 Exhibit B, what is this document?

17 A. This would have been -- it looks to me
18 like a training document used to explain exactly
19 what the title says, "Salary ranges, merit matrices,
02:47 20 promo guidelines and budget" to other C&B employees.

21 Q. Did you draft this document?

22 A. No.

23 Q. When was the first time you saw this
24 document?

02:47 25 A. I probably saw it back in 2007, Linda's --

02:50 1 Q. Yes.

2 A. Could have been Terri DeGroat at the time.

3 Could have been somebody else. I'd have to -- more

4 towards the end of the 2009, more likely to be like

02:51 5 a Terri DeGroat. 2005, it might have been somebody

6 else.

7 Q. Which third-party surveys did you submit

8 this data to -- excuse me, did Intel submit this

9 data to?

02:51 10 MR. SHAH: Object to form.

11 A. Radford Aon is one survey that we

12 submitted to, but there's multiple surveys that we

13 participated in. So I don't know exactly how many

14 they submitted to, but Radford is kind of our

02:51 15 primary. Towers Perrin is there. Hewitt is there.

16 Mersor. CHiPS. There's lots of vendors to pick

17 from.

18 Q. I think we'll go over some of those names

19 at a break. Did the number of third-party surveys

02:52 20 that Intel submitted data to on an annual basis

21 change between 2005 and 2009?

22 A. I don't know.

23 Q. Who would you defer to to answer that

24 question?

02:52 25 A. Probably Lisa Yeager.

02:52 1 Q. Looking more generally at paragraph 5 --
2 and you can take a second to read through it, if you
3 need -- is there anything in the description of
4 Intel's annual process that changed at all between
02:52 5 2005 and 2009?

6 A. I wouldn't change anything. It's an
7 accurate reflection.

8 Q. Going back to -- I'm now at line 3.

9 A. Okay.

02:53 10 Q. "Second, several months later, we obtained
11 and analyzed survey reports from those vendors to
12 calculate a 'market rate' for each job based on the
13 average compensation for benchmark for jobs in each
14 of the grade and job combinations."

02:53 15 Do you see that?

16 A. Yes.

17 Q. Is that accurate?

18 A. Yes.

19 Q. When you say "several months later," what
02:53 20 time period are you speaking about? What month?

21 A. It varies by survey vendor when they
22 report their data. Generally speaking, we get those
23 reports in late summer, early fall, traditionally is
24 when we're looking at that data.

02:54 25 Q. When you say -- you see where you say

02:54 1 "each of the grade and job combinations"?

2 Do you see that?

3 A. Yeah.

4 Q. What did you mean by "job combinations"?

02:54 5 A. There are several hundred job codes and

6 titles in our system. And each job code can have,

7 obviously, multiple grades. So in the exempt world,

8 most individual contributors, nonmanagers, you know,

9 would be between grade 3 and 10 for the most part.

02:54 10 So I could have a hardware engineer grade 3,

11 hardware engineer grade 5, hardware engineer grade

12 6. So each of those distinct job and -- job code

13 and grade combinations would constitute a different,

14 you know, market price or market match. So that's

02:55 15 what I mean by combos.

16 Q. Does Intel calculate a market rate for

17 each of those job combinations?

18 MR. SHAH: Object to form.

19 A. Not necessarily for each and every job.

02:55 20 We don't get market data back for each and every

21 job. So for most jobs we do. And so if we have a

22 job where we didn't get a rate back, we can look

23 internally and say, "Where would we slot it? What

24 would we -- what's a comparable job?"

02:55 25 Typically, it would be in the same job

02:55 1 function. So if it's an engineering job without an
2 engineering rate, you know, we put it in with other
3 engineers. If it's an HR job, you know, put it in
4 with other HR jobs. So that way, every job we try
02:56 5 and assign a market rate to, whether it's from the
6 survey or from slotting.

7 Q. Going back to paragraph 4, the previous
8 page, if you look at the first sentence of paragraph
9 4, it doesn't discuss any of the pay lines we talked
02:56 10 about earlier. Do you see that?

11 A. Uh-huh.

12 Q. Is that a yes?

13 A. Yes.

14 Q. Why didn't you mention the pay lines?

02:56 15 MR. SHAH: Object to form.

16 A. In this, to the employee view, like every
17 employee knows what their -- or can know, should
18 know what their grade is, and can know what their
19 broad salary range is. Pay lines are not something
02:57 20 that's shared with employees. It's shared with
21 managers. So at this point in the process, I didn't
22 feel it was relevant to talk about pay lines.

23 Q. Does paragraph 4 talk about what
24 information is shared with employees?

02:57 25 MR. SHAH: Object to form.

02:57 1 A. I think these are -- for me, paragraph 4
2 was describing at a high level how the program still
3 works. And the market rate that's referenced in
4 paragraph 5, line 4, you know, then that's where it
02:57 5 was more relevant to start to talk about pay lines
6 because that's when -- when you start to get into
7 the budget process, that's when pay lines become
8 more relevant.

9 Q. And so where in paragraph 5 do you discuss
02:58 10 pay lines?

11 A. So when it talks about rows, basically 3
12 through 8 is talking about how the pay lines are
13 created. So you have a market rate, jobs are
14 grouped together based on like pay, aged forward
02:58 15 based on at what point you want to assess your pay
16 competitiveness, and then the total pay range is
17 getting adjusted. Those are both for Intel and the
18 GENI ranges, sorry, and the pay lines, we still
19 maintain both ranges.

02:59 20 Q. Okay. So if you look at starting at line
21 5, you say, "Third, because there usually was a rise
22 in market salaries throughout the year, [REDACTED]

23 [REDACTED]
24 [REDACTED]
02:59 25 [REDACTED] of

02:59 1 how much or whether to adjust the total pay ranges
2 for each grade."

3 Did I read that accurately?

4 A. Yes.

02:59 5 Q. And so what part of that sentence talks
6 about benchmarking for pay lines?

7 MR. SHAH: Object to form.

8 A. That one specifically is more about the
9 GENI ranges.

02:59 10 Q. Uh-huh.

11 A. The process is similar between the two. I
12 mean, you're taking job code rates, and based on
13 your -- based on how many head count you have in
14 each job code right then, you come to an average

03:00 15 that you set. So within the GENI ranges, that's
16 happening for all the grades -- or all the jobs
17 across that grade. In the pay lines, it's happening
18 for only the subset of jobs that are similarly paid
19 that you have decided should be paid about the same.

03:00 20 Q. And is determining the budget for pay
21 lines part of Intel's process?

22 MR. SHAH: Object to form.

23 A. There aren't budgets by pay lines.

24 Q. Sorry, let me withdraw that question.

03:00 25 That was unclear.

03:00 1 Is determining the market rate for pay
2 lines part of Intel's yearly process?

3 MR. SHAH: Object to form.

4 A. Yeah. Doing the benchmark to establish a
03:01 5 market rate is an important step in the budget
6 development process.

7 Q. Is there some reason why you didn't
8 mention that in paragraph 5?

9 MR. SHAH: Object to form.

03:01 10 A. It's referenced. Whether -- as to why I
11 didn't get into the very specifics of it, no
12 particular reason.

13 Q. And I'm sorry, just point me to where it's
14 referenced.

03:01 15 A. The process in terms of the market rate
16 and the job grade combinations and the aging that's
17 talked about in rows 3 through 8 that we just talked
18 about.

19 Q. Okay, and in rows 3 through 8 it's talking
03:01 20 about it with respect to grade, but Intel also uses
21 that process with respect to pay lines; isn't that
22 accurate?

23 A. Yes.

24 MR. SHAH: Object to form.

03:02 25 Q. And when we spoke earlier about your

03:02 1 discussion with Dr. Murphy, you recall discussing
2 pay lines on that conversation; isn't that correct?

3 MR. SHAH: Object to form.

4 A. I don't recall the specific conversations
03:02 5 that I had with Dr. Murphy.

6 Q. But you mentioned speaking about pay
7 lines?

8 MR. SHAH: Object to form.

9 A. I remember having conversations on some
03:02 10 conference calls with the attorneys about pay lines,
11 but...

12 Q. Did anyone ever tell you not to talk about
13 pay lines in your declaration?

14 A. No.

03:02 15 Q. If you go back to line 8, you say,
16 "Fourth, we analyzed pay competitiveness for our
17 employees and determined how much of a budget was
18 needed to hit our pay goals in each country and
19 grade."

03:02 20 Do you see that?

21 A. Yes.

22 Q. What do you mean by "pay competitiveness"?

23 A. That's the pay relative to [REDACTED]

24 [REDACTED], not the GENI range.

03:03 25 Q. Tell me what you mean by that.

03:03 1 A. So the GENI ranges are the broad ranges
2 that -- where the midpoint is not relevant to any
3 individual job. It's relevant to the entire set of
4 jobs. So when we set -- when we're determining
03:03 5 merit budgets, the size of merit budgets, and the
6 size of SMA or which jobs should get SMA, it's
7 relative to pay -- employee pay versus the pay line
8 midpoint, not the GENI range midpoint.

9 Q. And describe what you mean by "pay goals."

03:03 10 A. Pay goals is relative to [REDACTED]
11 [REDACTED] For
12 some jobs we have goals to be above market. [REDACTED]
13 [REDACTED] We have some jobs where our goals are
14 still to be [REDACTED] like our old philosophy.
03:04 15 So each -- most -- for most jobs, the goal is to be
16 [REDACTED] but there's premiums and discounts
17 that are in place based on job location.

18 Q. And we talked before about the old
19 philosophy versus the new, and my question is: Does
03:04 20 this refresh your recollection about when that
21 change was made?

22 A. The decision to move to base pay being
23 more at [REDACTED] I believe was made in 2005.
24 The implementation of that decision spread over
03:05 25 multiple years.

03:05 1 Q. And so were there any other changes to the
2 pay goals during the time period between 2005 and
3 2009?

4 A. Yes.

03:05 5 Q. What were they?

6 A. That would vary by job, whether some jobs
7 moved from an at-market goal to an above-market goal
8 or moved from an above-market goal to an at-market
9 goal. So jobs can move up or down based on manager
03:05 10 input, business criticality. Senior manager input,
11 not your director, first-level manager, but more of
12 your senior manager.

13 Q. Then you say -- I'm on line 10 now --
14 "Fifth, based on the results of this analysis, along
03:05 15 with Intel-specific factors such as company
16 performance, Intel leaders decided how much or
17 whether merit market adjustment and promotion
18 budgets should be delivered to employees."

19 Do you see that?

03:06 20 A. Yes.

21 Q. Did I read that correctly?

22 A. Yes.

23 Q. And when you say "market adjustment," are
24 you referring to the SMAs that we've talked about?

03:06 25 A. Yes.

03:06 1 Q. You then -- you list -- in that sentence
2 you say, "Intel-specific factors, such as company
3 performance." Are there any other factors that
4 would be taken into account, Intel-specific factors?

03:06 5 MR. SHAH: Object to form.

6 A. Yeah. There's forecasts about future
7 profitability or strength of the company in terms of
8 are we entering into a growth cycle or a down cycle.
9 2009 would be an example where the markets were
03:07 10 very -- it looked like we were heading into a
11 recession so a decision was made not to deliver pay
12 increases. Other companies were doing layoffs and
13 pay cuts, and Intel decided to freeze pay for
14 employees, so those are the types of factors that
03:07 15 weigh into the decision.

16 Q. Are there any other Intel-specific factors
17 you can think of right now?

18 A. Those are the main ones.

19 Q. Who are the Intel leaders you're referring
03:07 20 to there?

21 A. By Intel leaders, typically that's the
22 management committee, so it's the senior leaders of
23 each of the business groups, so the seniormost
24 leader of each business group. Basically Paul's
03:08 25 management team, the CEO's management team.

03:39 1 A. We wouldn't put any -- we don't have a lot
2 of trust or confidence -- me -- I, as a compensation
3 professional, do not have a lot of trust in
4 self-reported data. I trust data that's provided
03:39 5 and vetted by a third-party vendor.

6 Q. What sort of salary information do
7 employees obtain from cold-calling?

8 MR. SHAH: Object to form.

9 A. You'd have to ask those employees.

03:40 10 Q. Well, I'm asking what you meant by "salary
11 information obtained by employees who were
12 cold-called."

13 A. My reference to that was relative to the
14 case, and was just informing that cold-call or
03:40 15 employee reported data is not part of what we
16 consider when we make market or pricing decisions or
17 budget decisions.

18 Q. So do you have an understanding of what
19 salary information would be obtained by employees
03:40 20 who were cold-called?

21 MR. SHAH: Object to form.

22 A. Well, if somebody's cold-called and that
23 person who was cold-calling them asked how much they
24 made, then you would have access to supposedly how
03:40 25 much they made. Like I said, self-reported data

03:41 1 doesn't hold a lot of water, doesn't hold a lot of
2 credibility with me. I'd prefer to rely on the data
3 provided by vendors that's reported by the
4 companies.

03:41 5 Q. And so cold-calling would provide a source
6 of information for the employees with the
7 understanding that that wouldn't be data you would
8 rely on.

9 MR. SHAH: Object to form.

03:41 10 A. It is data. It wouldn't be data I would
11 rely on, yes.

12 Q. Then you say, "Google was added to the
13 list of peer companies for the first time in the
14 2006 focal year."

03:41 15 Do you see that?

16 A. Yeah.

17 Q. And is that accurate?

18 A. Yes.

19 Q. Were you part of the decision to add
03:41 20 Google to the list of peer companies in 2006?

21 A. I provided input to it. It wasn't my job
22 to make the decision or the recommendation to who
23 would have decided. I remember the conversation,
24 but...

03:42 25 Q. What were the conversations about adding

03:42 1 Google to the list of peer companies?

2 A. Managers were asking, "Where is Google on
3 the list?" I don't -- I think Google started in
4 2004, maybe, something like that. So it became --

03:42 5 it was relevant to managers, and so if you would
6 say, "Our pay is competitive and Google wasn't on
7 the list," they would be less trusting of your data
8 than by seeing that Google was included.

9 Q. What's your understanding of why Google
03:42 10 was relevant to managers?

11 MR. SHAH: Object to form.

12 A. They're part of the technology industry
13 that we participate in in terms of -- how do we
14 describe it -- line 23 and 24, the blend of
03:43 15 semiconductor, software, networking, and diversified
16 computer companies. So they were big enough, I
17 guess, at that point that we viewed them as a
18 relevant competitor for talent and products to be
19 included.

03:43 20 Q. And why was Apple included on the list of
21 competitors?

22 MR. SHAH: Object to form.

23 A. Same reason. We compete with them for
24 products and for talent, so it's important to have
03:43 25 their data in the salary surveys that we participate

03:43 1 in.

2 Q. If you look through paragraph 8 -- do you
3 see that?

4 A. Yeah.

03:44 5 Q. Is paragraph 8, to the best of your
6 knowledge, true and accurate?

7 A. Yes.

8 Q. Okay. And looking at the first sentence
9 about employee evaluations, does that reflect or is
03:44 10 that consistent with the conversation we've had this
11 morning about employee ratings?

12 A. Yes, those are the guidelines or the
13 expectations, the actual practices plus or minus
14 those.

03:45 15 Q. And the expectations are that there are
16 certain percentages of employees that are rated in
17 each of the different categories?

18 A. Yes.

19 Q. The last sentence of paragraph 8 you talk
03:45 20 about a [REDACTED]. Do you
21 see that?

22 A. Yes.

23 Q. Can you briefly describe what you mean by
24 that?

03:45 25 A. So companies -- or as a compensation

03:45 1 practice, there's two main ways that you can deal
2 with different job markets within the same country.
3 You can establish separate market ranges for those
4 locations, or you can apply a geographical
03:45 5 differential, a premium on top of salary ranges.

6 Intel prefers to [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
03:46 10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 Q. If you go to paragraph 9, do you see that?

03:46 15 A. Uh-huh. Yes.

16 Q. Fair to say in paragraph 9 you're talking
17 about the wide ranges of total pay available within
18 each grade?

19 A. Yes.

03:47 20 Q. Is everything in this paragraph accurate?

21 A. I was looking at page 19 of Exhibit D.
22 That's page 20.

23 Q. And for the record, we're looking at
24 Exhibit D, and you have said that actually, the
03:47 25 salary ranges you were referring to are listed on

03:47 1 page 20 of that document?

2 A. Right.

3 Q. Besides the difference in page number --

4 A. But yeah, the other is right; correct.

03:48 5 Q. Looking at page 20 for a second, which is

6 Bates number 76583DOC002007_000020, is this an

7 accurate listing of the US salary ranges effective

8 January 1, 2007, at Intel?

9 MR. SHAH: Object to form.

03:48 10 A. I believe so.

11 Q. And does this list all of the different

12 grades?

13 A. No, it does not.

14 Q. So there are additional grades that are

03:48 15 not included in these salary ranges?

16 A. That's correct.

17 Q. Where are the salary ranges or the grades

18 maintained within Intel?

19 MR. SHAH: Object to form.

03:48 20 A. The salary ranges are housed in the system

21 of records. GENI is the internal name.

22 Q. And as we discussed earlier, all of the

23 salary ranges are not available to employees who

24 don't work in compensation or HR; is that accurate?

03:49 25 A. That's right.

03:49 1 Q. Turning back to paragraph 9 of your
2 declaration, you do some calculations between --
3 regarding the variation between the total pay within
4 the grade. Do you see that?

03:49 5 A. Uh-huh.

6 Q. Is that a yes?

7 A. Yes. Sorry.

8 Q. And what was the purpose of listing those
9 calculations in this declaration?

03:49 10 A. Just to show that there's a lot of
11 discretion in what a manager can decide to pay an
12 employee. Obviously, not ideal or common to say a
13 grade 3 is making more than a grade 8, given its
14 scope, but it's possible.

03:50 15 Q. Why was it important for you to show that
16 there was a lot of discretion in what a manager can
17 decide in your declaration?

18 MR. SHAH: Object to form.

19 A. I don't know.

03:50 20 Q. In paragraph 9 there's no mention of the
21 pay lines for the specific jobs, is there?

22 A. No.

23 MR. SHAH: Object to form.

24 Q. And the pay lines are much narrower than
03:51 25 the ranges; is that accurate?

03:51 1 MR. SHAH: Object to form.

2 A. Generally, yes.

3 Q. Is there a reason why you didn't include a
4 discussion of the variance between pay lines in
03:51 5 paragraph 9?

6 MR. SHAH: Object to form.

7 A. Pay lines, as we've talked about, is --
8 particularly in the time frame 2005 to 2009, it was
9 either just being created or solely an end product
03:51 10 used by C&B. It wasn't available to managers. It
11 wasn't shared with managers.

12 So what's relevant to managers during the
13 time frame of 2009 was the GENI ranges, because
14 that's what they had access to, and that's what the
03:51 15 focal tool used to make merit recommendations and
16 the merit matrices. So, you know, references to
17 GENI ranges or not getting into pay line specifics
18 was more just a function of did it seem relevant to
19 the point I was trying to make.

03:52 20 Q. During this time period, Intel was also
21 ensuring that specific job grades were benchmarked
22 around pay lines; is that accurate?

23 MR. SHAH: Object to form.

24 A. Each -- by virtue of having a grade, each
03:52 25 employee would have a GENI salary range and each

03:52 1 employee would be assigned -- each job code would be
2 assigned to a pay line, so employees would have --
3 for purposes of our analysis, employees would have
4 pay relative to multiple midpoints, not just one.

03:53 5 Q. And one of those midpoints is the pay
6 line?

7 A. One of those is the pay line.

8 Q. In paragraph 10, you say, "Intel's
9 individual employee total pay determinations were
03:53 10 not made company-wide, but were made by thousands of
11 business unit managers who had discretion with
12 respect to the amount and composition of each
13 individual's compensation."

14 Do you see that?

03:53 15 A. Yes.

16 Q. Was that discretion limited by the focal
17 tools that we've discussed?

18 MR. SHAH: Object to form.

19 A. Not limited. Like I said, the tool gives
03:53 20 the managers a recommendation, a starting point, and
21 the manager can give ten times that or half that.
22 It's up to them. They can overspend budget, they
23 can underspend budget. We don't exert control at a
24 direct manager. It would be to the discretion of
03:54 25 the executive whether to guide managers to change

03:54 1 their behavior or not. That would come from the
2 management, not from C&B.

3 Q. What was your purpose in including that
4 first sentence of paragraph 10?

03:54 5 MR. SHAH: Object to form.

6 A. Just that managers make the pay decisions.
7 They don't -- we make a recommendation and they
8 decide. And so it's not -- in some companies,
9 compensation or HR makes the pay decisions, managers
03:54 10 don't have a say into it. So it was just clarifying
11 within our company the practices. Managers get to
12 make that call.

13 Q. Did you understand that it was important
14 to Intel's position in opposition to class

03:55 15 certification to characterize these pay
16 determinations as individualized?

17 MR. SHAH: Object to the form of the
18 question. And also I'll instruct you not to answer
19 to the extent that it calls for you to describe any
03:55 20 attorney/client communication.

21 Q. And I just want to be fair, so if you
22 don't have any information to answer my question
23 without disclosing attorney communications, you
24 don't have to answer.

03:55 25 A. No, I think the sentence reflects the

03:55 1 practice. We have 10,000 managers at Intel. We
2 load recommendations into a tool, and they decide
3 the compensation. It's a -- so the sentence is a
4 reflection of practice. Whether that's important or
03:55 5 not is irrelevant to me. It's reality of practice.

6 Q. Have you ever heard anyone use the term
7 "peanut butter behavior"?

8 A. Yes.

9 Q. What's your understanding of that term
03:56 10 with respect to compensation at Intel?

11 MR. SHAH: Thanks for that clarification.

12 Q. I don't want to know if you have any other
13 understanding of it.

14 A. So within Intel, there's various rewards
03:56 15 that managers can allocate to employees. There's
16 base pay increases, there's bonus target increases,
17 ratings, stock share levels, promos, job
18 assignments, whatever. So there's a series of
19 goodies that a manager can allocate, and peanut
03:56 20 butter means trying to spread it out as far as it
21 can go. And so that might be I give you the best
22 rating and middle stock, and to somebody else I give
23 the best rating and, you know -- so they -- by
24 virtue of spreading out as many positive messages as
03:57 25 they can, they dilute meritocracy. And so typically

03:57 1 to a C&B person, peanut buttering is a negative
2 term. It's managers trying to pay everybody the
3 same so that they don't have to justify paying
4 somebody more.

03:57 5 Within our tools and guidelines, we
6 encourage less peanut buttering, more
7 differentiation. So if somebody really is your best
8 performer, it's okay that they get the outstanding
9 stock share level 1, maxed-out EB, promotion. It's
03:58 10 okay to give all of the best rewards to one person
11 if that's really what they have earned.

12 Q. Did it ever come your attention that
13 managers at Intel had a tendency to engage in peanut
14 butter behavior?

03:58 15 MR. SHAH: Object to form.

16 A. We -- in analyzing the data, you could see
17 when managers would not give the full increase to
18 the employees rated outstanding, and instead, give a
19 little bit more to the employee rated successful --
03:58 20 to the 70 percent of the employees rated successful.
21 Whether that was more or less than other companies,
22 I'd probably say they probably still delivered more
23 meritocracy than most other companies on base pay,
24 based on data I've seen about other company
03:58 25 practices relative to different increases by rating.

03:59 1 That said, because it's one of the five
2 key tenets of the T-COMP philosophy, meritocracy, it
3 was a high priority for us. And in the time frame
4 of this lawsuit, 2005 to 2009, we took -- we put
03:59 5 extra emphasis on meritocracy to the point of
6 changing merit matrices so that the outstanding --
7 the raises to outstanding employees would be even
8 higher than what we had historically practiced.

9 Q. Is the impact of peanut butter behavior to
03:59 10 decrease pay differential between employees?

11 MR. SHAH: Object to form.

12 A. Yeah. The more you peanut butter, the
13 less differentiation you have. Some of that varies
14 by -- based on the individual, because an individual
04:00 15 may not get outstanding every single year. So even
16 though a manager could be peanut buttering to
17 somebody who's been outstanding, they would still
18 have pay differentiation better than the person who
19 was always successful. It would have just been
04:00 20 less. So our desire was to make sure that truly the
21 best performers were getting the best rewards, and
22 helping managers to -- encouraging managers to do
23 that based on the guidelines that we had and what
24 the tool recommended.

04:00 25 Q. Are you aware of any studies that were

04:00 1 performed at Intel with respect to pay differential?

2 MR. SHAH: Object to form.

3 A. Pay differential between -- what pay
4 differential, sorry, are you talking about?

04:01 5 Q. Between employees.

6 MR. SHAH: Object to form.

7 A. We did analysis around this time frame
8 around what we would call repeat high performers
9 versus nonhigh performers, or average -- repeat
04:01 10 average performers. So basically like looking at
11 does somebody who's received multiple outstanding or
12 exceeds expectations over a three-year period have
13 higher pay than somebody who hadn't? So yes, we did
14 that analysis.

04:02 15 Q. Paragraph 11. You say, "Intel did not
16 have a company-wide policy for responding to current
17 employees who had received offers from other
18 companies."

19 Do you see that?

04:02 20 A. Yes.

21 Q. Is that accurate?

22 A. Yes.

23 Q. Did you have any involvement in the
24 process of responding to current employees who
04:02 25 received offers from other companies?

04:02 1 MR. SHAH: Object to form.

2 A. In my role as a compensation consultant, I
3 don't remember specifics, but that would have been
4 in the role where, if an employee was deciding
04:02 5 whether to leave Intel or not, and had communicated
6 with his or her manager about that, the manager
7 could come to me and ask, "What do you think I
8 should do," or, "Here's what I want to do. Is that
9 okay?" type thing.

04:03 10 Q. And did that ever happen?

11 A. I recall having some of those
12 conversations, but I can't remember specifics.

13 Q. The last sentence of paragraph 11 you say,
14 "I understand that Intel would make a counteroffer
04:03 15 in hopes of retaining an employee where the
16 circumstances warranted."

17 Do you see that?

18 A. Uh-huh, yes.

19 Q. What's the basis for your understanding?

04:03 20 A. I have known managers who make a
21 counteroffer to an employee that says, "You're being
22 offered 10 percent. We'll give you an out-of-cycle
23 pay adjustment."

24 Q. And how does that counteroffer -- or
04:03 25 strike that. Does that counteroffer impact the pay

04:03 1 of any of the other employees?

2 A. No.

3 Q. Does that counteroffer have to be within
4 budget?

04:04 5 A. No.

6 Q. Where does the money come from to get --
7 to give that counteroffer?

8 A. Managers have multiple components of
9 things that yield to a total spend for a department.

04:04 10 So salaries is one component. Travel,
11 entertainment, training, head count. So each group
12 has a defined dollar target that they have committed
13 to hitting by the end of the year, and like with the
14 focal budget, some will be over and some will be
04:04 15 under, and as long as they're at budget, then you
16 know people are -- things are okay.

17 So a manager who's making a decision to
18 raise the pay for one employee out of cycle -- they
19 would still have their commitment to meet their
04:05 20 year-end target. They wouldn't get relief or --
21 there was no bucket of money from which they could
22 pull to do those types of things. They would just
23 have to hit their year-end budget.

24 Q. So the money for the counteroffer would

04:05 25 have to come from the total spend?

04:05 1 A. Yes.

2 Q. And you say in that sentence "where the
3 circumstances warranted." Do you see that?

4 A. Yeah.

04:05 5 Q. What do you mean by that?

6 A. Not all employees are worth -- just
7 because you match an offer doesn't mean the employee
8 is going to stay long-term, or that they're going to
9 be engaged or committed to the company. So -- and

04:06 10 just because an employee can go and get money
11 elsewhere doesn't mean the manager would want to pay
12 them more to keep them here. So some employees are
13 worth letting go, and saying, you know,
14 "Congratulations, best of luck to you."

04:06 15 Other employees, because of their skill
16 set or the thing that they're working on, some
17 critical project, are worth making a counteroffer to
18 see if it succeeds in keeping them. So each manager
19 would have to make those determinations on a
04:06 20 case-by-case basis of, is this employee worth it or
21 not, and then decide.

22 Q. Paragraph 13, you say, "If an individual
23 employee received greater compensation in response
24 to an offer from another company," and by that you

04:07 25 mean greater compensation from Intel; is that right?

04:13 1 MR. SHAH: Object to form.

2 A. Those are based on the decisions around
3 the competitor list, the peer list, the 29
4 companies. So once you -- once we decided that
04:13 5 that's the peer list, then those are the set of
6 companies that we would say we want a cut at least
7 of that data, and then we'll typically get like
8 this -- in this case, the all tech in row 24, to
9 say, every company, just in case we don't get a
04:14 10 market rate for the peer list, it gives us another
11 data point from which to -- or to use for our
12 analysis purposes.

13 Q. And who is in charge of making those
14 requests within Intel?

04:14 15 A. During the time of this, it would have
16 been Lisa Yeager.

17 Q. And in Exhibit F, you just attached the
18 June 2009 data. Are you aware of whether, at any
19 point between 2005 and 2009, the Radford report did
04:14 20 not include [REDACTED]

21 [REDACTED]

22 MR. SHAH: Object to form.

23 A. I don't know. You'd have to look at
24 each -- at each year and who participated. Not
04:14 25 every company participates every year, so -- or some

04:14 1 join a survey like -- I don't know when Google
2 started participating in Radford.

3 Q. If you look at paragraph 15, is everything
4 in paragraph 15 true and accurate?

04:15 5 A. Yes.

6 Q. Okay. If you would look at Exhibit B,
7 which is the salary ranges, merit matrices, promo
8 guidelines, and budget, and flip to page 8. Do you
9 see that?

04:16 10 A. Moving salary ranges?

11 Q. Yes. So there's a slide on page 8 called
12 moving salary ranges. You can take a second and
13 read through it, if you want, and let me know when
14 you're ready.

04:16 15 A. Okay. Okay.

16 Q. And is everything on this slide a fair
17 description of the process for moving salary ranges?

18 A. Yeah, I think so.

19 Q. The first sentence says, "Once ranges are
04:17 20 established, they usually must be 'moved' to remain
21 competitive with the market."

22 Do you see that?

23 A. Yes.

24 Q. And why is it that they must be moved to
04:17 25 remain competitive with the market?

04:17 1 A. Because the underlying data that -- so the
2 data we get from salary surveys to establish a
3 range -- then people get raises at other companies,
4 which means your data set has moved, and so you need
04:17 5 to move the ranges each year to reflect what's
6 happened in the market. In the case where lots of
7 companies don't move ranges, then maybe you don't
8 need to move ranges. But you at least look at it
9 each year to decide if it needs to happen.

04:17 10 Q. On the next slide, which is page 9, the
11 top is "Salary range movement process." Do you see
12 that?

13 A. Yes.

14 Q. Is that an accurate description of the
04:18 15 salary range movement process?

16 A. Yeah.

17 Q. And what's "range penetration"?

18 A. Range penetration is how many employees
19 are in each quartile of the range. So distribution,
04:18 20 range distribution, would be another term.

21 Q. Why is range penetration important to
22 salary range, salary range movement process?

23 A. It's a data point around how are your
24 employees situated around what you have defined to
04:18 25 be the midpoint. It's a consideration, not the

04:19 1 consideration or the main consideration. So it's
2 just a data point to look at.

3 Q. How would that data point impact whether a
4 salary range should move?

04:19 5 MR. SHAH: Object to form.

6 A. I don't know that that would -- the
7 different salary range distribution points would
8 honestly change your decision that much on what to
9 move to the midpoints. To some extent, you want to
04:19 10 make sure the employees have opportunity for pay
11 growth. And so within our ranges, because they
12 cover all those jobs, that's where you might look at
13 it to say, "Do I want to extend the max a little bit
14 more than what I have in the past because of
04:20 15 different distributions that exist by business
16 group?"

17 But the main point would be the external
18 data. It would be your primary consideration in
19 what to move, how to move the ranges.

04:20 20 Q. Okay, if you could turn to -- it's not a
21 page number, but a couple of pages further, the
22 Bates stamp is 000015. It says "Merit matrix
23 example" on it.

24 A. Yeah.

04:20 25 Q. Do you see that?

04:20 1 A. Yes.

2 Q. And is that an accurate modeling of what
3 the merit matrix that we have been discussing looks
4 like?

04:20 5 A. Yeah. That would be an example of the
6 merit matrix from this particular case, the head
7 count percentage in each quartile at the top. I
8 don't know which one -- what it's referring to or
9 what population it's referencing, but the model is
04:21 10 accurate.

11 Q. If you flip back to a couple of pages, the
12 document with the Bates stamp 12 on the bottom, it
13 says "New this focal."

14 A. Okay.

04:21 15 Q. You see midway through, there's something
16 called a "target reference range"?

17 A. Okay.

18 Q. And are you familiar with the term "target
19 reference range"?

04:21 20 A. I think that -- I believe that's the same
21 as the pay line.

22 Q. Okay. So target reference range, it's
23 your understanding, is similar to pay line?

24 A. Yeah.

04:22 25 MR. SHAH: Object to form.

04:22 1 Q. If you flip to Exhibit C, and if you would
2 turn to page 10 -- actually, sorry, turn to page 16.

3 A. Okay.

4 Q. If you look in the slide that's pictured,
04:23 5 it says "Supplemental surveys." Do you see that?

6 A. Yes. Yes.

7 Q. And for the record, this is document
8 Bates-stamped 76583DOC007702. At the bottom it
9 says, "Guidelines for determining a survey's legal
04:23 10 compliance and effectiveness."

11 Do you see that?

12 A. Yes.

13 Q. And it says, "Data cannot reflect any
14 factor that may allow someone to identify a
04:23 15 participating organization."

16 Do you see that?

17 A. Yes.

18 Q. Is that consistent with the restrictions
19 we talked about earlier with respect to sharing of
04:23 20 compensation data between companies?

21 MR. SHAH: Object to form.

22 A. Some of these I am familiar with. Other
23 of them I am not as much.

24 Q. Okay.

04:24 25 A. What was your question?

04:24 1 Q. Are you familiar with the first bullet
2 point?

3 A. I'm not.

4 Q. Okay. Turn to page 26 of that exhibit.
04:24 5 It has a Bates stamp ending in 7712.

6 A. Okay.

7 Q. You see this slide is titled "focal budget
8 strategy." Do you see that?

9 A. Yes.

04:24 10 Q. And four bullets points down, it says,
11 "Depending on current year position to market it may
12 take a few years to reach the base pay goals."

13 Do you see that?

14 A. Yes.

04:25 15 Q. What does that mean?

16 A. It means that just because we have a
17 change in strategy doesn't mean we implement it
18 immediately.

19 Q. So the first bullet point says, "If behind
04:25 20 the goals, a few focal cycles, (e.g., two to three
21 years) to catch the market, i.e., the three-year SMA
22 strategy kicked off in 2006."

23 Do you see that?

24 A. Yes.

04:25 25 Q. And what was the SMA strategy kicked off

04:25 1 in 2006?

2 A. So that was the change in the base pay
3 strategy to be at market versus behind market. So
4 when they decided to move base pay to market, the

04:25 5 decision was to do that over a three-year period,
6 not do it in a one-year move.

7 Q. The next bullet point says, "However, hot
8 jobs may require an immediate fix to address market
9 position issues."

04:26 10 Do you see that?

11 A. Yes.

12 Q. And is that consistent with your
13 understanding of how SMAs would work?

14 MR. SHAH: Object to form.

04:26 15 A. Yeah. A job where the market for that job
16 was moving faster than other jobs and so our market
17 position was deteriorating. Those would be
18 candidates for SMA.

19 Q. We talked about POM, or position of
04:26 20 market, earlier.

21 A. Yes.

22 Q. Can you define that?

23 A. Position of market would be your -- you
24 take the -- let's say I was looking at it for grade

04:27 25 5s in the US. I would take the average pay of Intel

04:27 1 grade 5s and divide it by the market median to get a
2 position of market. So 100 percent would be our pay
3 was at market with the midpoint.

4 Q. You can put this document aside. Let's go
04:27 5 off the record for five minutes.

6 (A discussion was held off the record.)

7 (Recess from 4:27 p.m. to 4:40 p.m.)

8 Q. Mr. McKell, is there any reason why you
9 can't continue to give me your best testimony?

04:40 10 A. No.

11 Q. Okay. You use the term "internal equity"
12 at Intel?

13 A. Yes.

14 Q. What does it mean?

04:40 15 MR. SHAH: Object to form.

16 A. Internal equity means fairness.

17 Typically, when we talk about internal equity, it's
18 how employees are paid relative to each other. It
19 can also be part of that -- "egalitarian" is another
04:40 20 term that we would say -- so from an internal equity
21 perspective, everybody participates in stock even
22 though they have different grades. So it has
23 multiple meanings depending on the specific context,
24 but generally it means fairness.

04:41 25 Q. I hand you a document that has previously

04:41 1 been marked Exhibit 398. And I'm not going to ask
2 you about most of it, but you should feel free to
3 make yourself as comfortable with that document as
4 you want.

04:41 5 (Exhibit 398 previously marked.)

6 Q. Sir, do you recognize this document?

7 A. It's a staffing document about managers
8 using the offer tool for external offers. So I
9 don't -- yeah. I recognize it.

04:42 10 Q. What's the purpose of this document?

11 MR. SHAH: Object to form.

12 A. To help managers use the tools that are
13 available to develop an offer for somebody coming
14 from outside the company.

04:42 15 Q. Are you familiar with the tools available
16 to develop an offer for someone coming outside the
17 company?

18 A. Personally, no.

19 Q. In your role in compensation, have you
04:42 20 ever had any involvement with those tools?

21 MR. SHAH: Object to form.

22 A. No.

23 Q. Okay. Who within Intel helps to create
24 policies around developing an offer for someone
04:42 25 coming from outside the company?

04:42 1 MR. SHAH: Object to form.

2 A. The staffing organization.

3 Q. Since you have been at Intel, have you had

4 any responsibilities with respect to recruiting of

04:43 5 employees?

6 A. No.

7 Q. Do you have any personal knowledge of

8 practices of recruiters at Intel?

9 MR. SHAH: Object to form.

04:43 10 A. Can you be more specific?

11 Q. Sure. Do you have any personal knowledge

12 as to how recruiters at Intel recruit talent?

13 A. Yes.

14 Q. Okay. What's your understanding of how

04:43 15 recruiters at Intel recruit talent?

16 A. They can go to job fairs, search job

17 boards, Monster.com, those types of things, to find

18 candidates who they think might be interested.

19 There's also employees who submit their resume

04:44 20 straight to Intel that express an interest in

21 coming. So they can engage with search firms,

22 headhunters, to identify, so there's various ways to

23 do it.

24 Q. Do you have any personal knowledge as to

04:44 25 whether recruiters at Intel use cold-calling as one

04:44 1 means of recruiting?

2 A. I don't.

3 Q. If you turn to page 7 of this document,

4 398.

04:44 5 A. Okay.

6 Q. The top says, "Step 11, internal equity

7 report."

8 Do you see that?

9 A. Yes.

04:44 10 Q. Are you familiar with that type of report?

11 A. Yes.

12 Q. What is it?

13 A. It's a query within our HR system of

14 record where staffing could identify pay for

04:45 15 employees in -- depending on what criteria they put

16 into the query, you could get to, you know, grade 5

17 manufacturing engineer in Santa Clara, to see what

18 we pay those employees.

19 Q. If you turn the page to page 8 of this

04:45 20 document.

21 A. Yes.

22 Q. You see at step 14, there's a definition

23 of internal equity?

24 A. Yes.

04:45 25 Q. I want you to read it and ask you if you

04:45 1 agree with it.

2 A. Okay.

3 Q. "Internal equity is defined as a fairness

4 criterion comparing comparable Intel jobs using

04:45 5 education, experience, and skill level and

6 performance and timing of next review period.

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

04:45 10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 Do you see that?

14 A. Yes.

04:46 15 Q. Is that an accurate definition of internal

16 equity?

17 MR. SHAH: Object to form.

18 A. I think it's a fair definition.

19 Q. Okay. I'm going to hand you a document

04:46 20 that has been marked Exhibit 2031.

21 (Exhibit 2031 marked.)

22 MS. SCHALMAN-BERGEN: I believe that this

23 document was also marked as Defendants' 89, but I

24 don't have that copy with me.

04:46 25 MR. SHAH: Okay.

04:46 1 Q. (By Ms. Schalman-Bergen) Why don't you
2 take a look at that document again. I'm not going
3 to ask you questions about every page, but you can
4 familiarize yourself with it. For the record, this
04:46 5 document is Bates-stamped 40012DOC000638.

6 MR. SHAH: Actually, just so the record is
7 clear, I think you should read the Bates number at
8 the bottom left-hand corner.

9 MS. SCHALMAN-BERGEN: Oh, okay.
04:47 10 76512DOC000638, and it goes through 677.

11 Q. (By Ms. Schalman-Bergen) Okay?

12 A. Okay.

13 Q. I'm just going to ask you one question
14 about this document, which is to turn to page 22 of
04:47 15 the document.

16 A. Okay.

17 Q. Okay? The title of this slide is
18 "Internal equity report example." Do you see this?

19 A. Yes.

04:47 20 Q. Okay. Then it looks like there are some
21 names. Do you see that?

22 A. Yes.

23 Q. Does this look like an example of the
24 internal equity report referenced in Exhibit 398?

04:48 25 MR. SHAH: Object to form.

04:48 1 A. This looks like the data I would expect to
2 find for somebody looking at internal equity, yes.

3 Q. And tell me how to interpret this report
4 if you were looking at it.

04:48 5 MR. SHAH: Object to form.

6 A. So in this case, the site is Folsom, and
7 then you have the employee name, the job title.
8 They all share the same job title. They're all in
9 the same grade. So obviously, they're looking to
04:48 10 hire a grade 6 CAD engineer into Folsom.

11 So then it has each of their -- [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

04:48 15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 Q. And how would you use this type of report?

04:49 20 MR. SHAH: Object to form.

21 A. So I would use this to say I can see that
22 the pay range -- the base salary for the grade 6 in
23 Folsom ranges from a low of [REDACTED] up to a high of
24 [REDACTED]. And that would be a useful benchmark

04:49 25 relative to bringing somebody in, to decide where

04:49 1 they should be relative to that range. Should they
2 be below it, in the middle of it, above it,
3 depending on their experience and skill set and
4 those types of things in the interview process.

04:49 5 Q. [REDACTED]
6 [REDACTED]
7 [REDACTED]

8 A. [REDACTED]

9 Q. [REDACTED]

04:50 10 A. [REDACTED]

11 Q. [REDACTED]
12 [REDACTED]

13 A. [REDACTED]

14 Q. You can put that document to the side.

04:50 15 (Exhibit 2032 marked.)

16 Q. I'm handing you a document I have marked
17 as Exhibit 2032. Why don't you take a moment to
18 review it. For the record, this is a document
19 Bates-stamped 76657DOC004396 through 98.

04:51 20 MS. SCHALMAN-BERGEN: While you're
21 reviewing, if people want to go off the record for a
22 second to get coffee, I would be happy to do that.

23 (A discussion was held off the record.)

24 (Recess from 4:52 p.m. to 4:54 p.m.)

04:54 25 Q. While I got my coffee, is there any reason

04:54 1 that you couldn't continue to give me your best
2 testimony?

3 A. No, I'm good.

4 Q. Okay. Okay. Have you had a chance to
04:54 5 review this document, Exhibit 2032?

6 A. Yes.

7 Q. Okay. What do you recognize it to be?

8 A. Sorry, what did you say?

9 Q. What do you recognize this document to be?

04:55 10 A. An e-mail exchange between several
11 individuals, so -- Tom Galvin at the time was the
12 VP -- or not VP. Director of compensation and
13 benefits at Intel.

14 Q. This is an e-mail chain. The top e-mail
04:55 15 is from you; is that accurate?

16 A. Yes.

17 Q. Okay. And do you send and receive e-mail
18 in the ordinary course of your business?

19 A. Yes, all the time.

04:55 20 Q. More than you want, probably.

21 A. Probably.

22 Q. What's your e-mail address at Intel?

23 A. [REDACTED]

24 Q. Has that been your e-mail address
04:55 25 throughout the time you have been at Intel?

04:55 1 A. Yes. I think it might have changed at the
2 start, but yeah, for the last...

3 Q. And do you recall sending this e-mail, the
4 top e-mail, that's in Exhibit 2032?

04:56 5 A. Prior to your showing it to me, I don't,
6 but I do now.

7 Q. Do you have any reason to believe that you
8 did not send this e-mail?

9 A. No.

04:56 10 Q. What's the subject matter of this e-mail
11 chain?

12 MR. SHAH: Object to form.

13 A. There was some high-level messaging that
14 was going out to BGHR, business group HR, about
04:56 15 focal budgets and looking for them to support and be
16 able to articulate why the focal budgets for 2005
17 were what they were. And so it was a way to help
18 BGHR deal with questions that they would get from
19 managers who would be getting them from employees.

04:57 20 So kind of an education. That was the initial from
21 Brent Jensen and Michael Jordan. Devra Johnson is
22 an HR manager who obviously had some issues with the
23 communication, and some confusion around it, which
24 she sent to Michael Jordan's boss, which was Tom

04:57 25 Galvin, and Gabbi Thompson, Gabriella Thompson, and

04:57 1 at some point I got copied on the exchange and
2 offered my opinion.

3 Q. I would like to know, but I'm not going
4 to. Michael Jordan is not the basketball player;
04:57 5 fair?

6 A. No.

7 Q. Okay. An employee at Intel?

8 A. He's a white guy.

9 Q. All right. Devra Johnson is in HR; is
04:58 10 that right?

11 A. She's an HR manager.

12 Q. What was your job title in the time of
13 this e-mail exchange?

14 A. I was a compensation consultant.

04:58 15 Q. Was this focal prior to the focal where
16 there was a compensation change in base salary that
17 we've discussed?

18 A. Yeah, this would have been focal 2005, so
19 2006 was where we started the change.

04:58 20 Q. Okay. And Ms. Johnson has some concerns
21 about the messaging, is that fair to say?

22 A. Yes. Yes.

23 Q. In this third paragraph, you see she says,
24 "We are not consistent with our philosophies, and
04:59 25 managers and employees, especially in the US, do not

04:59 1 get the logic."

2 Do you see that?

3 A. Yes.

4 Q. "Additionally, yes, the market says

04:59 5 salaries will increase by [REDACTED] in US, and we

6 are delivering [REDACTED] But what they don't say

7 is that they are paying employees to job" -- she

8 says "hob" -- [REDACTED] higher. So the only

9 way a US employee can get a raise is to change

04:59 10 jobs."

11 Do you see that?

12 A. Yes.

13 Q. Do you think she meant "job hop"?

14 A. I don't know.

04:59 15 MR. SHAH: Object to form.

16 Q. Okay. Do you agree with Ms. Johnson's

17 assessment that the only way a US employee can get a

18 raise is to change jobs?

19 MR. SHAH: Object to form.

04:59 20 A. I don't.

21 Q. Had you heard that employees would receive

22 [REDACTED] increase in pay if they were hired

23 somewhere else?

24 MR. SHAH: Object to form.

05:00 25 A. We had heard anecdotally that some

05:00 1 employees reported that that's what they had
2 received. Whether that was true or not, I can't
3 say.

4 Q. Do you recall the circumstances of these
05:00 5 anecdotal reports?

6 MR. SHAH: Object to form.

7 A. It would be from managers or BGHR who had
8 talked to managers, so I wouldn't say it was a
9 common occurrence. We would just hear stories about
05:00 10 it, so it was sort of common knowledge that some
11 people would leave for supposedly big raises.

12 Q. Were those anecdotes parts of the
13 consideration that factored into increasing the base
14 salary pay?

05:01 15 MR. SHAH: Object to form.

16 A. I don't think so. An employee -- managers
17 would infer from employee reports of the type of pay
18 that they were getting at the next company to be a
19 sign of underpaying to the market, versus asking,
05:01 20 are they doing the same job at that company that
21 they have just moved to? Or is the [REDACTED]
22 increase part of a promotion which would be more in
23 line with what they would have received had they
24 stayed at Intel?

05:01 25 So I think there were other more

05:01 1 compelling reasons why we decided to [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 During this time, again, my recollection
05:02 5 was turnover was low, so if you're [REDACTED]
6 below market, I would expect turnover to be a lot
7 higher.

8 Q. The next paragraph, she says, "There you
9 have it, the challenge isn't in presenting the
05:02 10 material, it's in our inconsistency in our
11 philosophy. They get it, they don't like it, don't
12 agree with it, and find it impossible to motivate
13 their solid/successful employees without a fair
14 merit increase."

05:02 15 Do you see that?

16 A. Yes.

17 Q. Okay. Was that consistent with
18 information you were hearing from managers at the
19 time?

05:03 20 MR. SHAH: Object to form.

21 A. I think there are some people that would
22 agree with Devra's sentiment. I don't know how
23 widespread it was. Yeah.

24 Q. The next paragraph she says, "Now for my
05:03 25 unemotional input: We live in a culture where

05:04 1 are successfulls and telling them Thank you, and
2 here's your [REDACTED] isn't right"?

3 MR. SHAH: Object to form.

4 A. She's expressing an opinion of senior
05:05 5 managers that she's met with.

6 Q. And if those managers had said -- had
7 articulated that complaint to her, what did you
8 understand that complaint to mean?

9 MR. SHAH: Object to form.

05:05 10 A. In 2005, everybody was wanting a return to
11 the budgets we had in the 1990s, where, you know,
12 the average raise was 4, 5, 6 percent. The reality
13 was, markets changed, market in the US in particular
14 slowed down, and where 5 percent might have been the
05:05 15 norm in the 1990s, 3 percent was the norm in the
16 2000s. And a couple of years in there where, at
17 least within Intel, there weren't raises at all.

18 So I think it was just managers thinking
19 that there wasn't a new normal. They wanted it to
05:06 20 be like it was in the 1990s, and the market wasn't
21 hot like it was in the 1990s. It was a different
22 market, and they just hadn't reset their
23 expectations. So that's -- for me, it's -- the
24 issue isn't whether it was unfair or not. It was
05:06 25 managers were thinking that the way it used to be

05:06 1 was the way it should be.

2 Q. And what did you understand the complaint
3 to be with respect to saying "Most of our workers
4 are successfulls"?

05:06 5 MR. SHAH: Object to form.

6 A. It's -- the guideline distribution assumes
7 60 to 70 percent, so the majority are going to be
8 rated successful.

9 Q. And as a consequence, would they be
05:07 10 compensated similarly?

11 A. Yeah.

12 MR. SHAH: Object to form.

13 Q. Okay.

14 A. They would be recommended for smaller
05:07 15 raises than an outstanding or exceeds that I already
16 described.

17 Q. If you turn to the first page of this
18 document, Tom Galvin, at the bottom of the document,
19 writes a response to Michael Jordan, copying you.

05:07 20 Do you see that?

21 A. Yes.

22 Q. And midway through, he -- I'll read it
23 starting the second sentence. Or strike that.

24 Let's go back. Who is Tom Galvin?

05:07 25 A. He was the director of compensation and

05:07 1 benefits at Intel at the time.

2 Q. So in the second sentence he says, "Part
3 of the issue is that Devra believes that we target
4 T-cash to be at market average as opposed to hitting
05:08 5 a particular level of T-cash based on our expected
6 financial performance."

7 Do you see that?

8 A. Yes.

9 Q. And then he says, "This is Danny's
05:08 10 complaint, too. They want to know that we are
11 targeting a higher level when we are expecting to
12 outperform the market financially."

13 Do you see that?

14 A. Yes.

05:08 15 Q. And did you understand "Danny" to be
16 referring to you in that sentence?

17 A. Yes.

18 Q. And was that an accurate statement? Did
19 you share that complaint as described by Mr. Galvin?

05:08 20 A. I had.

21 MR. SHAH: Object to form.

22 A. I had.

23 Q. And what was your complaint?

24 A. At the time we hadn't specified pay goals.

05:08 25 And so absent a specific goal, it was hard to

05:08 1 communicate to employees what we were trying to
2 achieve. And so it was shortly after this that, you
3 know, we got the executives to agree that [REDACTED]

4 [REDACTED]
05:09 5 [REDACTED]
6 [REDACTED], that we had been at a standard
7 that we could communicate to employees and say,
8 "This is our goal."

9 Q. Thanks. You can put that document aside.
05:09 10 I'm going to hand you a document I have
11 marked as Exhibit 2033.

12 (Exhibit 2033 marked.)

13 Q. For the record, this document is Bates
14 stamped 76657DOC004599. This is an e-mail between
05:10 15 Danny McKell and Gary Boyle copying Paula Cooney and
16 Elizabeth Waterman, dated February 22nd, 2005,
17 subject: Feb MSR from McKell. Ready?

18 A. Yep.

19 Q. Okay. Have you seen this document before?

05:10 20 A. Yes.

21 Q. Did you write this document?

22 A. I did.

23 Q. Okay. What's the -- what do you
24 understand or what did you mean by Feb MSR?

05:10 25 A. This was a February monthly status report

05:10 1 that I wrote to my manager.

2 Q. And would you write monthly status reports
3 on a regular basis at that time?

4 A. At that time, writing monthly status
05:11 5 reports was an expectation, yes.

6 Q. There are a couple of different headers.
7 And I want to read from the first bullet point in
8 the second header.

9 A. Okay.

05:11 10 Q. So it says, "Worked with CTM to push out
11 the date of recommunicating salary reduction
12 percentages associated with the move to OR."

13 Do you see that?

14 A. Yes.

05:11 15 Q. What's CTM?

16 A. CTM was a business group that I supported.

17 Q. What does it stand for?

18 A. California Technology Manufacturing, I
19 think.

05:11 20 Q. What's OR?

21 A. Oregon.

22 Q. Okay. Then you say, "Since internal
23 equity is the primary concern and most moves likely
24 to happen in Q2/Q3 of each year, we decide to push
05:12 25 the calculations until we have post-focal data for

05:12 1 comparisons."

2 Do you see that?

3 A. Yes.

4 Q. What did you mean by "Internal equity was
05:12 5 the primary concern"?

6 A. So CTM had a development fab in Santa
7 Clara, and they were closing it down and offering
8 the employees a chance to move to Oregon to keep
9 their jobs. Within the nonexempts, [REDACTED]

05:12 10 [REDACTED] [REDACTED]

11 [REDACTED], and so my comment

12 here was [REDACTED]

13 [REDACTED]

14 [REDACTED] It would be better to wait

05:12 15 to see what their focal increases were, which we
16 would know on April 1st, rather than doing the
17 analysis now and then having to redo the analysis
18 after focal increases had become effective.

19 Q. And why was internal equity the primary
05:13 20 concern?

21 A. They were worried about -- for the

22 employees that would join from -- who would [REDACTED]

23 [REDACTED] if they were to -- we

24 had to set their pay close enough to [REDACTED]

05:13 25 [REDACTED] that it wouldn't cause a lot of

05:13 1 thrash around [REDACTED]
2 [REDACTED]
3 So --
4 Q. You said "trash"?
05:13 5 A. Thrash. T-H-R-A-S-H. Angst.
6 Q. The next bullet point says, "Presented
7 data to the top technologist team in CTM re: recent
8 new hire activity and the impact to internal equity.
9 Surprisingly enough, internal equity looks pretty
05:14 10 good, even though there have been a few offer
11 exceptions."
12 Do you see that?
13 A. Yes.
14 Q. Okay. What type of data were you
05:14 15 presenting there?
16 MR. SHAH: Object to form.
17 A. It looks like I was doing analysis based
18 on people they had just hired in, relative to people
19 who had been here for some period of time.
05:14 20 Q. And what did you mean by "Internal equity
21 looks pretty good"?
22 A. That the people that they had brought in
23 were generally being paid about the same as existing
24 Intel employees.
05:14 25 Q. Why was that something you were presenting

05:14 1 to the top technologist team and CTM?

2 A. It probably came as a question about, is
3 our pay competitive enough for some certain set of
4 jobs or whatever ones they were hiring for. So I
05:15 5 don't remember the specifics around this particular
6 analysis, but that's what I believe I was referring
7 to.

8 THE VIDEOGRAPHER: Counsel, I need to
9 change tapes real quick.

05:15 10 (Recess from 5:15 p.m. to 5:16 p.m.)

11 (Exhibit 2034 marked.)

12 Q. Sir, I have handed you a document marked
13 2034. For the record, it's a document Bates-stamped
14 76657DOC019280 through 286. The top is a document
05:17 15 or an e-mail from Gabrielle Thompson forwarding a
16 series of e-mails to a number of people that include
17 Danny McKell, sent on 4/14/2005, subject: Forward:
18 The compensation debate. Is that a fair summary of
19 the document?

05:17 20 A. Yes.

21 Q. Okay. Do you recall reading this
22 document?

23 A. I do.

24 Q. Okay. And what is it?

05:18 25 A. So it's a series of e-mails between

05:18 1 members of HR staff, so the senior leaders in the HR
2 organization, about compensation philosophy, work
3 environment, focal pay differentiation that covers
4 all sorts of topics, with -- the first several-page
05:18 5 e-mail was written by Tom Galvin, who was the
6 director of compensation at the time. And then
7 other -- Patty, Tom's boss, who was the VP of HR,
8 instructed him to share it with other members of HR
9 staff and get their opinions, which they then did.

05:19 10 Q. Is this debate -- strike that. This
11 series of e-mails is being exchanged in or around
12 April of 2005?

13 A. Yes.

14 Q. Is this discussion -- strike that.
05:19 15 Earlier today you referenced some high-level
16 discussions about Intel's pay philosophy; is that
17 accurate?

18 A. Yes.

19 Q. Okay. And are these discussions the types
05:19 20 of discussions that were going on at the time that
21 you discussed earlier?

22 A. Yes.

23 Q. So a very long document. I'm not going to
24 ask you about most of it. I do have a question on
05:19 25 the page with the Bates stamp ending in 284.

05:41 1 or being transparent wasn't something we were
2 thinking about relative to benchmarks versus where
3 we are today.

4 Q. And at that time there was -- strike that.
05:41 5 The employees had less information about
6 compensation at that time period than Intel's
7 compensation and benefits department had?

8 MR. SHAH: Object to form.

9 A. They had -- they definitely had less than
05:41 10 what we had within C&B. In the last exhibits, it
11 mentioned cancelling a personal portrait, which
12 was -- used to be a report that Intel sent to the
13 homes of employees in the US that would show all of
14 the pay they had received. So base, bonus, stock,
05:42 15 benefits, retirement, all into a nice glossy
16 marketing look-how-wonderful-you-have-it type thing.
17 And from a cost-cutting, we stopped sending that
18 out.

19 And so one of the things that they were
05:42 20 talking about was employees would connect -- whether
21 or not sharing that information because it's bad
22 information, they don't want to us know the truth,
23 when, in fact, it was just to save money.

24 Q. And in looking back at the employee wall
05:42 25 of pain, one of the factors, "The belief that we

05:42 1 spin the facts to suit our needs," contributed to
2 some of these statements at the bottom? Is that a
3 fair way to read this chart?

4 MR. SHAH: Object to form.

05:43 5 A. I think the bottoms are just outcomes of
6 the full set, not -- I don't think they're actually
7 related to the belief-that-we-spin bullet. I think
8 it's the pay raise being perceived as being less
9 than inflation, the stock price -- the lack of stock
05:43 10 price valuation, all the other factors that were in
11 there is, like, am I getting ahead? Do I feel like
12 I'm getting ahead? And the employee sentiment
13 was -- what they were expressing here was that the
14 employee sentiment is that that wasn't the case.

05:44 15 Q. Put that document aside.

16 (Exhibit 2037 marked.)

17 Q. I'll going to hand you a document marked
18 Exhibit 2037. For the record, this is a document
19 Bates stamped 76657DOC019175. It is an e-mail from
05:44 20 an individual named Matthew Pera to Danny McKell and
21 others, sent February 9, 2006, subject benchmarking
22 information. Let me know when you're ready.

23 MS. SCHALMAN-BERGEN: Will you give me a
24 heads up? Five minutes to change tape?

05:44 25 THE VIDEOGRAPHER: No, you're fine on

05:44 1 tape. You have got 39 minutes before seven hours.

2 MS. SCHALMAN-BERGEN: All right.

3 A. Okay.

4 Q. (By Ms. Schalman-Bergen) Do you recognize

05:45 5 this document?

6 A. I do.

7 Q. Okay. What is it?

8 A. Matt was a peer at the time. All of the

9 people on the "to" list, we reported to Jodie

05:45 10 Hickam. She was the manager of the group. So Matt

11 was sharing information from a meeting he attended

12 with other companies.

13 Q. And is this an information about

14 benchmarking?

05:45 15 A. Uh-huh.

16 Q. Is that a yes?

17 A. Yes.

18 Q. Okay. And it lists four companies.

19 [REDACTED] Do you see that?

05:45 20 A. Yes, uh-huh.

21 Q. [REDACTED] yes?

22 A. Yes.

23 Q. [REDACTED] yes?

24 A. Yes.

05:46 25 Q. [REDACTED]

05:46 1 A. Yes.

2 Q. Okay. And then I see [REDACTED] at the
3 bottom. Is that a different company?

4 A. I don't know what that --

05:46 5 Q. Okay. The second paragraph that describes
6 [REDACTED] -- do you see that?

7 A. Yes.

8 Q. Do you see it says, "This has not been
9 communicated to employees"? Do you see that?

05:46 10 A. Yes.

11 Q. And then there's some information about
12 compensation?

13 A. Yes.

14 Q. Okay. Did Intel often receive information
05:46 15 from other companies about compensation that had not
16 yet been communicated to employees?

17 MR. SHAH: Object to form.

18 A. "Often"? I can't answer that. I would
19 say it would be an exception more than the rule.

05:47 20 Q. Okay. Did you understand -- in this
21 parenthetical, did you understand that to mean that
22 the information in the bullet points listed below
23 with respect to [REDACTED] had not yet been communicated
24 to employees at [REDACTED]?

05:47 25 MR. SHAH: Object to form.

05:47 1 A. That would have been and is my
2 interpretation.

3 Q. Okay. Did Intel use the information in
4 this e-mail as part of benchmarking?

05:47 5 MR. SHAH: Object to form.

6 A. Yeah. I mean, we take information we can
7 find, whether it's, in this case, from company
8 representatives or news stories on Yahoo or CNN, or
9 wherever, to understand what company practices are
05:47 10 in addition to what we get from the third-party
11 surveys.

12 Q. If you go back to the first exhibit, which
13 is 2030, that's your declaration.

14 A. Okay.

05:48 15 Q. Paragraph 7.

16 A. Yes.

17 Q. Do you see where you say, "Of the
18 defendants in this case, only [REDACTED] were
19 used in Intel's benchmarking"? Do you see that?

05:48 20 A. Yes.

21 Q. Does the e-mail we've marked as
22 document -- or Exhibit 2037 change your opinion
23 about whether that statement is true and correct?

24 MR. SHAH: Object to form.

05:48 25 A. Relative to the focal year and pay

05:49 1 comparisons, paragraph 7 is still accurate. The
2 fact that Matt was in a meeting where
3 representatives from [REDACTED] were there,
4 that weren't under our normal list -- I think he was
05:49 5 sharing practices of what's happening in Silicon
6 Valley, more than, here's -- we care most about the
7 data from our competitor list doesn't mean we don't
8 care about what companies are doing outside of our
9 competitor list, but our primary concern is what our
05:49 10 competitors are doing.

11 So I would say what's happening relative
12 to this e-mail, what's happening to [REDACTED]
13 is less relevant, would have been viewed as less
14 relevant to us than what was happening at [REDACTED]
05:49 15 [REDACTED] because [REDACTED] were part
16 of our competitor list.

17 Q. I'm going to hand you a document marked
18 Exhibit 2038.

19 (Exhibit 2038 marked.)

05:50 20 Q. And for the record, this is a document
21 that's Bates stamped, 76657DOC031597 through 1602.
22 This is an e-mail from Danny -- or an e-mail chain.
23 The top e-mail is from Danny McKell to Roni Percik,
24 P-E-R-C-I-K, and Jodie Hickam, H-I-C-K-A-M, dated
05:50 25 September 6, 2007, subject: Equity benchmark

05:51 1 (IQuantic) peer group advice.

2 A. Okay.

3 Q. Let me know when you're ready.

4 A. Sure.

05:51 5 Q. Do you recognize this document?

6 A. Yes.

7 Q. What is it?

8 A. What's the what?

9 Q. What is this document?

05:51 10 A. So Roni was on our team and was

11 responsible specifically for stock benchmarking.

12 And our stock benchmarking didn't necessarily have

13 the same competitor list as our pay benchmarking.

14 Q. Okay. And was [REDACTED] one of the

05:52 15 companies that was used in the stock benchmarking?

16 MR. SHAH: Object to form.

17 A. Yeah, I mean, it looks like that was --

18 [REDACTED] was part of the stock benchmarking.

19 Q. Okay. Does this Exhibit 2038 impact your

05:52 20 opinion about whether your statement in paragraph 7

21 of your declaration, "Of the defendants in this case

22 only [REDACTED] were used in Intel's

23 benchmarking," is true and accurate?

24 MR. SHAH: Object to form.

05:52 25 A. Like I said on the other, the peer

05:52 1 companies that we used for pay -- those were the
2 primary ones that were referenced in this document
3 as it related to focal budgets, salary ranges, merit
4 matrices, those types of things. The equity had a
05:53 5 different list, a different vendor. We used
6 IQuantic instead of Radford.

7 And so I wouldn't view it as a -- for me,
8 it doesn't make my declaration untrue. It's a
9 nuance within it of if you just look at stock, then
05:53 10 [REDACTED] would have been part of the set. But relative
11 to pay, [REDACTED] would not have been part of the set.

12 Q. Did you in any of the drafts that you
13 prepared of your declaration include any sentences
14 about which defendants were part of the stock peer
05:53 15 companies for benchmarking?

16 MR. SHAH: Object to form.

17 A. You're asking if in the declaration I ever
18 spelled out that we did do benchmarking for [REDACTED]
19 relative to stock?

05:54 20 Q. If you ever considered spelling that --

21 MR. SHAH: Object, and instruct you not to
22 answer to the extent that would reveal any
23 attorney/client communication or attorney work
24 product.

05:54 25 A. Relative to the complaint that was being

05:54 1 made about pay and not about stock, I guess I didn't
2 view the stock peer list as a relevant fact.

3 (Exhibit 2039 marked.)

4 Q. I'm going to hand you a document marked
05:55 5 Exhibit 2039. For the record, this is a document
6 Bates stamped 76657DOC031874 to 875. This is an
7 e-mail chain. The top e-mail is from Danny McKell
8 to Jodie Hickam and Sara Holder, subject re: WTK,
9 all in caps, response, sent March 28, 2006.

05:55 10 A. Okay.

11 Q. Do you recognize this e-mail?

12 A. Yes.

13 Q. Did you send at least the top e-mail in
14 this document?

05:56 15 A. Yes.

16 Q. Okay. And what do you recognize this to
17 be?

18 A. Jodie was my manager. And with the proxy
19 statement it was going to show how much Paul

05:56 20 Otellini's compensation had changed in 2005. And
21 she was asking me to proactively write a -- the WTK
22 is a write to know. It's a program that used to
23 exist in the company where the employees could ask
24 basically any question, and sometimes they would get
05:56 25 published, either just -- they would always -- you

05:56 1 would always respond to the question. Sometimes it
2 would be to the employee; sometimes it would be more
3 broadly to the rest of the population if they felt
4 like it was a question that lots of people might
05:56 5 have on their mind.

6 Q. You said it's a program that used to
7 exist. When did the write-to-know program stop
8 existing at Intel?

9 A. I don't recall. I think it was -- the
05:57 10 practice of responding to e-mails still exists.
11 It's just there's not a program manager to -- a
12 full-time head dedicated to the project -- or the
13 process.

14 Q. On the second page, the e-mail from Jodie
05:57 15 to you, copy to Sara Holder, do you see that?

16 A. Yes.

17 Q. It says, "Hi, Danny. Now that the proxy
18 is out, I think we might want to draft a WTK
19 response about Paul's compensation. I haven't
05:57 20 received any WTKs yet, but I expect it is only a
21 matter of time before we do. An article on the
22 front page of Saturday's business section of the
23 Arizona Republic read, 'Intel CEO's pay jumps,' and
24 then there's something redacted for privacy.

05:57 25 "'Intel Corp raised CEO Paul Otellini's pay,'"

05:57 1 another redaction, "'last year, as the company's
2 profits rose.'"

3 Do you see that?

4 A. Uh-huh.

05:57 5 Q. Was the information about Mr. Otellini's
6 compensation public?

7 A. Yeah, the proxy is a publicly available
8 document, so as soon as it's out, then anybody can
9 access it.

05:58 10 MS. SCHALMAN-BERGEN: So we'd request that
11 you produce this without the privacy redaction.

12 MR. SHAH: I agree that some of the
13 privacy redactions should be taken out. I don't
14 know if all of them should, but I agree that some
05:58 15 will, and we can produce --

16 MS. SCHALMAN-BERGEN: Okay.

17 MR. SHAH: -- an unredacted copy.

18 MS. SCHALMAN-BERGEN: All right.

19 Q. (By Ms. Schalman-Bergen) And why -- or
05:58 20 excuse me, was there a concern about how -- strike
21 that.

22 Do you know why Ms. Hickam believed that
23 there would be WTK questions about this subject?

24 MR. SHAH: Object to form.

05:58 25 A. In the wall-of-pain exhibit, it talked

05:59 1 about employees complaining about [REDACTED]
2 base pay raises. So to see the CEO get something
3 much more than what the average employee was getting
4 was -- she felt like that would cause concerns or
05:59 5 complaints of fairness, and so that we should be
6 prepared to respond.

7 Q. And did you eventually come up with a
8 final WTK response on this subject?

9 A. I don't remember. I doubt they would have
05:59 10 used mine, because it's probably too wordy for what
11 they would generally want to respond. So I suspect
12 it would have been -- if something was used, it
13 would have been a lot shorter.

14 Q. Do you recall whether any employees
05:59 15 submitted WTK questions on the subject?

16 A. I don't actually. It wouldn't surprise me
17 if they had. And if they had, there would have been
18 a response back, but what that was, or if it
19 happened, I'm not sure.

06:00 20 Q. Did you ever hear employees make the
21 complaint that you thought they might make about
22 fairness?

23 A. It wasn't -- it isn't uncommon for
24 employees to see what executives at Intel or any
06:00 25 other company make and whether that's fair, whether

06:00 1 they earn it, what they get.

2 Q. In this instance, did you hear that
3 employees had raised that as an issue?

4 MR. SHAH: Object to form.

06:00 5 A. I had seen comments like that in -- or
6 helped survey comments, heard comments like that
7 from other people, so...

8 Q. Other people within Intel?

9 A. Yeah, other people in Intel.

06:01 10 Q. Is there a period of time in 2006 when
11 Intel retained an individual named Brian Hall at
12 Harvard Business School?

13 MR. SHAH: Object to form.

14 A. Yes. Well, the compensation committee --
06:01 15 a member of the board of the directors retained
16 Brian Hall. To the extent that you consider that
17 part of Intel, it was not an Intel employee who
18 contacted with Brian Hall.

19 Q. Who was the member of the board of
06:01 20 directors that retained Mr. Hall?

21 A. Reed Hundt, I think.

22 Q. For what purpose did Mr. Hundt retain
23 Mr. Hall?

24 A. Brian was a professor at Harvard that had
06:02 25 published some articles, written some books, was

06:02 1 known as an expert on stock compensation. I
2 believe -- well, why Reed chose to hire him, I can't
3 say, but --

4 Q. Did you have occasion to work with
06:02 5 Mr. Hall in relation to his work at Intel?

6 A. Yes.

7 Q. Okay. And on what did you work with him?

8 A. On proposals relative to executive
9 compensation, which the board of directors had
06:02 10 decision authority over, I guess. So we would share
11 data between the Intel executive compensation team
12 and Brian Hall, and jointly decide what would go in
13 front of the compensation committee of the board of
14 directors.

06:03 15 Q. Did Mr. Hall ultimately make any
16 recommendations about Intel's compensation system?

17 MR. SHAH: Object to form.

18 A. He had his proposals and recommendations
19 and suggestions for things we should do differently.

06:03 20 Q. Were any of them implemented?

21 MR. SHAH: Object to form.

22 A. Some of them. Some of them not.

23 Q. Can you briefly describe which ones were
24 implemented?

06:03 25 A. He had input into what we recommended for

06:11 1 positive." Do you see that?

2 A. Yes.

3 Q. Okay. Why did you believe that the impact
4 on Intel was slightly positive from sharing that
06:12 5 information?

6 MR. SHAH: Object to form.

7 A. My view is if we shared it, it's possible
8 that if the vast majority of people feel they're
9 underpaid, their reality is, on a statistical
06:12 10 distribution, half are under, half are over. So to
11 the extent that employees would believe the data we
12 shared with them, it could have a positive effect.
13 But if they didn't believe the data, it might not
14 have any effect. So...

06:12 15 Q. Do you recall receiving the answer to this
16 mini survey from any of the other companies that
17 were providing information to Google?

18 MR. SHAH: Object to form.

19 A. I don't recall.

06:12 20 Q. Do you know whether -- or what any -- what
21 Google's practices were with respect to sharing
22 salary range information with employees?

23 MR. SHAH: Object to form.

24 A. I don't know. It says that it was going
06:13 25 to be shared in summary format. So I wouldn't have

06:13 1 been able to isolate Google relative to anybody else
2 who would have participated.

3 Q. And as we sit here today, you don't know
4 what Google's practices are?

06:13 5 A. No.
6 (Exhibit 2042 marked.)

7 Q. I'm going to hand you a document marked
8 2042. This document has a Bates stamp
9 76657DOC057417. It's an e-mail from Jeri Karges,
06:14 10 K-A-R-G-E-S, to C&B Org All, sent November 11, 2010.
11 Subject: Google announcement to give staff 10
12 percent raise. Let me know when you're ready.

13 A. Okay.

14 Q. Okay. Do you recognize this document?

06:15 15 A. I do.

16 Q. Are you on the CNB Org All distribution
17 list?

18 A. I am.

19 Q. Or were you at least on November 11, 2010?

06:15 20 A. I am, yeah.

21 Q. Okay. Do you recall Google announcing a
22 10 percent increase to its employees?

23 A. I do.

24 Q. Okay. Did Intel -- was this a decision of
06:15 25 note to Intel?

06:15 1 MR. SHAH: Object to form.

2 A. It was.

3 Q. Why was that?

4 A. Because managers had obviously heard about

06:15 5 it in the news and were starting to ask questions

6 about, When can we get our 10 percent raise? Or why

7 aren't we doing a 10 percent raise?

8 Q. And who is Jeri Karges?

9 A. Jeri was a compensation consultant for our

06:16 10 product groups -- our product groups, our engineers.

11 Q. And is it fair to describe this e-mail as

12 a response or Intel's response to Google's

13 announcement on the 10 percent increase?

14 MR. SHAH: Object to the form.

06:16 15 A. Yeah. It was sent to -- most of the

16 people in C&B wouldn't have been aware of this

17 detail that Jeri knew, and so she was sharing it

18 with us so that we had context for what was

19 happening and why.

06:16 20 Q. In the second sentence she says, "C&B had

21 a team in place collecting intelligence on the

22 potential move."

23 Do you see that?

24 A. I do.

06:16 25 Q. Are you aware of what intelligence C&B was

06:16 1 collecting?

2 MR. SHAH: Object to form.

3 A. I'm not. I'm not sure who the team is.

4 We do benchmarking and collect market intelligence.

06:17 5 It's a normal course of business. How they got this

6 detail I don't know.

7 Q. Did Intel do anything in response to

8 Google's announcement to give the staff a 10 percent

9 raise?

06:17 10 MR. SHAH: Object to form.

11 A. No.

12 MS. SCHALMAN-BERGEN: Okay. Let's go off

13 the record.

14 (Recess from 6:17 p.m. to 6:23 p.m.)

06:23 15 Q. Sir, did you just have a brief

16 conversation with Intel's attorney about questions

17 that he might ask you?

18 MR. SHAH: I'm going to object and

19 instruct you not to answer. I'll put my mic on.

06:23 20 I'm going to object and ask that -- instruct you not

21 to answer on the grounds that it calls for

22 attorney/client communication.

23 Q. I'll hand you a document I have marked as

24 Exhibit 2043.

06:23 25 (Exhibit 2043 marked.)

06:24 1 Q. For the record, this is a document Bates
2 stamped 76658DOC016874 to 16887. It appears to be a
3 slide show, or a presentation entitled "Base pay
4 management overview" and I'll represent to you, sir,
06:24 5 that --

6 MR. SHAH: Do you have a copy for me?

7 MS. SCHALMAN-BERGEN: Oh, I'm sorry.
8 Excuse me.

9 Q. (By Ms. Schalman-Bergen) I'll represent
06:24 10 to you that it was indicated in the production that
11 this was produced from your file.

12 A. Yes.

13 Q. I just have one question. Do you
14 recognize this document?

06:24 15 A. I do.

16 Q. Okay. Is this a document that you
17 prepared?

18 A. I did.

19 Q. Is this -- I guess more than one question.
06:24 20 Is this document something you prepared in
21 connection with -- or you tell me, what is this
22 document?

23 A. Kind of a training material that we could
24 use with -- typically it would be more with HR than
06:25 25 with managers, just how we manage base pay within

06:26 1 Intuit.

2 A. No.

3 Q. Same question with respect to Pixar and
4 Lucasfilm.

06:26 5 A. No.

6 MS. SCHALMAN-BERGEN: I have no further
7 questions for you.

8 MR. SHAH: Okay. I just have a handful of
9 questions.

06:26 10 EXAMINATION

11 BY MR. SHAH:

12 Q. A bit before, you were talking about
13 whether [REDACTED] was included on the list of companies
14 that you benchmark against for stock grants. Do you
06:26 15 remember that testimony?

16 A. I do.

17 Q. Are you -- do you know for sure whether
18 [REDACTED] is included on the list of companies you
19 benchmarked against?

06:27 20 A. No. I don't know for sure. It was
21 discussed whether we should add them or include
22 them. The document that we reviewed was a
23 discussion -- I don't -- I can't say with certainty
24 that [REDACTED] was actually added as a result of that
06:27 25 conversation.

06:27 1 Q. Okay. Separate, or sort of a different
2 topic, you testified earlier about SMA budgets that
3 are sometimes given to managers. Do you recall
4 that?

06:27 5 A. Yes.

6 Q. Do managers have discretion on how they
7 allocate the SMA budget?

8 A. The SMA gets loaded into the tool by each
9 individual. The manager can decide whether to give
06:28 10 that SMA or not. We instruct managers if -- that
11 they should allocate SMA meritocratically. So if an
12 employee is eligible for SMA, who is a poor
13 performer by virtue of low expectations or an
14 improvement-required rating, that the manager should
06:28 15 not deliver SMA to that employee, but instead give
16 that to somebody rated outstanding or exceeds
17 expectation who was paid lower than their peers. So
18 we expect them to spend the full budget. How they
19 actually allocate that is up to them.

06:28 20 Q. Okay. You previously testified about both
21 internal equity and meritocracy. Do you believe
22 that those two philosophies exist at Intel?

23 A. They do exist. I don't believe that
24 they're mutually exclusive. I think meritocracy
06:29 25 definitely exists in pay raises and grade changes

06:29 1 and stock grants, and that it's effective.

2 I also think internal equity exists,
3 because managers look at pay fairness relative to
4 what each employee is making, and makes decisions
06:29 5 based on that -- whether somebody is too high or too
6 low relative to their peers. So I think there are
7 good checks and balances on each other.

8 Meritocracy is -- let me say, internal
9 equity -- you know, do we have it around pay
06:30 10 because -- should employees get the same increases
11 or be paid the exact same? No. For me, internal
12 equity is -- what I envision it more about is the
13 opportunity for employees at all grade levels to
14 participate in the programs. Everybody has -- all
06:30 15 exempt employees have an opportunity to get stock
16 share level 1 if their performance warrants it. HR
17 employees aren't treated as less important than
18 engineers in that regard. So depending on the
19 aspect, I think both are alive and well, and
06:31 20 important parts of the Intel culture.

21 Q. I have one final question regarding -- and
22 I don't recall what number the exhibit was, but it
23 was your declaration. Do you remember what exhibit
24 number that is?

06:31 25 A. 2030. 2030, I think.

06:31 1 Q. 2030? I believe plaintiffs' counsel asked
2 you earlier about paragraph 5. And --

3 A. Yeah.

4 Q. -- whether or not the term pay line was in
06:31 5 that paragraph. Do you remember that?

6 A. I do.

7 Q. Do you believe that the concept of pay
8 lines is in that paragraph?

9 A. For me it is. On line 4 when it talks
06:31 10 about market rate or the process of making
11 competitive assessments, those competitive
12 assessments are against the pay line, not the broad
13 GENI range. The job code market rate is a feeder
14 into both sets of ranges that we establish, the GENI
06:32 15 range and the pay line. It's just they have
16 different populations. In the GENI it's all jobs in
17 that grade. In the pay line, it's just the ones
18 that are similarly paid to each other.

19 So I probably could have spelled out that
06:32 20 nuance a little bit more clearly in that paragraph.
21 But you know, when I talk about a specific job
22 market rate and making assessments of
23 competitiveness, it's against that pay line.

24 MR. SHAH: I have no further questions.

25

06:40 1 recommendation or Intel policy?

2 MR. SHAH: Object to form.

3 A. I think it was just my -- Intel doesn't
4 have a policy on that. It would have just been to
06:41 5 say we'll get better data coverage from bigger
6 companies, and so that -- we looked at -- you look
7 at multiple data points to try and decide who's --
8 nobody's -- nobody's exactly like Intel. I mean,
9 that's part of benchmarking; right? We're the
06:41 10 largest semiconductor company in the world. So you
11 know, you can only talk about benchmarking against

12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

06:41 15 So we never have perfect comparisons.
16 It's not like Coke and Pepsi, where they're pretty
17 similar. And so our attempt was always to find the
18 most relevant comparisons, and that was the goal of
19 the benchmarking, was to try and do that.

06:42 20 MS. SCHALMAN-BERGEN: I have no more
21 questions for you.

22 MR. SHAH: Thanks. No more from me.

23 MS. SCHALMAN-BERGEN: Thank you very much
24 for your time.

06:42 25 (The deposition concluded at 6:42 p.m.)

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE ANTITRUST
LITIGATION

THIS DOCUMENT RELATES TO:
ALL ACTIONS.

NO: Master Docket No. 11-CV-2509-LHK

REPORTER'S CERTIFICATE

I, MARY ABERNATHY SEAL, New Mexico CCR
#69, DO HEREBY CERTIFY that on March 20, 2013, the
Deposition of DANIEL ROBERT McKELL was taken before
me at the request of, and sealed original thereof
retained by:

Attorney for the Plaintiffs
Ms. Sarah R. Schalman-Bergen
BERGER & MONTAGUE, P.C.
1622 Locust Street
Philadelphia, Pennsylvania 19103-6365
(215) 875-3000

I FURTHER CERTIFY that copies of this
Certificate have been mailed or delivered to all
Counsel, and parties to the proceedings not
represented by counsel, appearing at the taking of
the Deposition.

I FURTHER CERTIFY that examination of this
transcript and signature of the witness was required
by the witness and all parties present.
On _____ a letter was mailed or delivered to Mr.
Sujal J. Shah regarding obtaining signature of the
witness, and corrections, if any, were appended to
the original and each copy of the Deposition.

1 I FURTHER CERTIFY that the recoverable
2 cost of the original and one copy of the Deposition,
3 including exhibits, to Mr. Sarah R. Schalman-Bergen
4 is \$_____.

5 I FURTHER CERTIFY that I did administer
6 the oath to the witness herein prior to the taking
7 of this Deposition; that I did thereafter report in
8 stenographic shorthand the questions and answers set
9 forth herein, and the foregoing is a true and
10 correct transcript of the proceeding had upon the
11 taking of this Deposition to the best of my ability.

12 I FURTHER CERTIFY that I am neither
13 employed by nor related to nor contracted with
14 (unless excepted by the rules) any of the parties or
15 attorneys in this case, and that I have no interest
16 whatsoever in the final disposition of this case in
17 any court.

18 _____
19 Mary Abernathy Seal
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1 IN RE: HIGH-TECH EMPLOYEE ANTITRUST LITIGATION

2 WITNESS SIGNATURE/CORRECTION PAGE

3 If there are any typographical errors to
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11 to be listed below with a statement as to the reason
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12 PAGE LINE CORRECTION REASON FOR CHANGE

13 _____

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19 I, DANIEL ROBERT MCKELL, do hereby certify
20 that I have read the foregoing pages of my testimony
as transcribed and that the same is a true and
21 correct transcript of the testimony given by me in
this deposition on March 20, 2013, except for the
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